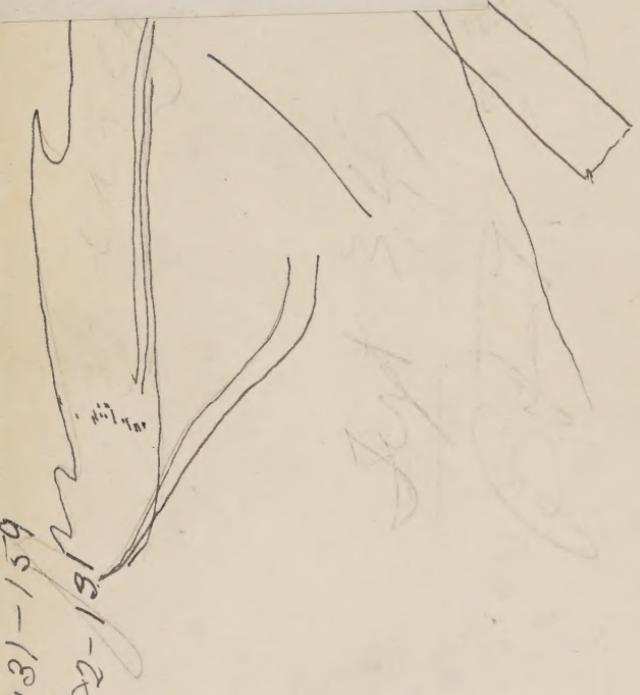




sday



Monday Oct. 3 - 1959
Sept 30 - Oct - 1959

THE EMERGENCE OF THE
MODERN ORDER

THE UNIVERSITY OF CHICAGO PRESS
CHICAGO, ILLINOIS

THE BAKER & TAYLOR COMPANY
NEW YORK

THE MACMILLAN COMPANY OF CANADA, LIMITED
TORONTO

THE CAMBRIDGE UNIVERSITY PRESS
LONDON

THE MARUZEN-KABUSHIKI-KAISHA
TOKYO, OSAKA, KYOTO, FUKUOKA, SENDAI

THE COMMERCIAL PRESS, LIMITED
SHANGHAI

M3681

THE EMERGENCE OF THE MODERN ORDER

INDUSTRIAL SOCIETY PART I

BY
LEON CARROLL MARSHALL

HD
2321
M3
1929
vol. 1



CONCORDIA COLLEGE LIBRARY
BRONXVILLE, N. Y. 10708

~~1197~~
THE UNIVERSITY OF CHICAGO PRESS
CHICAGO, ILLINOIS

58487

HD
2321
M3
1929
V. 1

COPYRIGHT 1929 BY THE UNIVERSITY OF CHICAGO
ALL RIGHTS RESERVED. PUBLISHED OCTOBER 1929

COMPOSED AND PRINTED BY THE UNIVERSITY OF CHICAGO PRESS
CHICAGO, ILLINOIS, U.S.A.

PREFACE

Technically, this is a revised and enlarged edition of *Industrial Society*; really, it is a new publication both by virtue of large amounts of new material and by virtue of great changes in plan and arrangement.

My purpose has been to provide for the introductory course in economics effective readings that will correlate well with the rapidly expanding social study subject matter now presented in our secondary schools; will serve the common needs of the liberal arts student and the student of the collegiate school of business; and will keep the student ever conscious that our economic order is not a separate and distinct entity but rather a special aspect of our general cultural scheme.

It follows from this statement of purpose that the main field of usefulness of the work is that of the junior college and the first two years of the four-year college. It also follows that it could be used—and indeed has been used—as a survey introductory to the field of the social sciences, being of course a survey organized from the economic point of view.

As originally planned the work was thought of as made up of four parts: Part I, "The Emergence of the Modern Order"; Part II, "Production in the Modern Order"; Part III, "The Co-ordination of Specialists"; Part IV, "Social Control of Economic Activity." In view of limitations of space and also in view of the large amount of material that current texts devote to "economic problems," which are largely problems of social control, it was finally decided not to have a separate formal part on social control but to utilize a considerable amount of social control material in connection with the other three parts.

Instructors who wish to shape their instruction according to the plan and arrangement of this material will find helpful a syllabus entitled, *Outlines of the Economic Order* (published by the University of Chicago Press).

In its final form the entire body of the material should prove useful for the more extended elementary courses, the older and briefer edition being still available for the shorter courses. Then, too, Part I

may be used independently for courses in economic history, Part II may be used independently for courses in production economics, and Part III may be used independently in courses on value and distribution.

L. C. MARSHALL

THE INSTITUTE FOR THE STUDY OF LAW
THE JOHNS HOPKINS UNIVERSITY

OUTLINE OF PARTS I, II, III

PART I. ECONOMIC ORGANIZATION AND THE EMERGENCE OF THE MODERN ORDER

CHAPTER

- I. ECONOMIC ORGANIZATION
- II. THE EMERGENCE OF THE MODERN ORDER
- III. RATES OF CHANGE IN THE DEVELOPING ECONOMIC ORDER

PART II. PRODUCTION IN THE MODERN ORDER

- I. THE TYPES AND FORMS OF PRODUCTION
- II. THE NATURAL BACKGROUND OF PRODUCTION
- III. THE NON-PHYSICAL CULTURAL BACKGROUND
- IV. MODERN CAPITAL GOODS EXEMPLIFIED BY POWER AND THE MACHINE
- V. THE PERSONAL FACTOR IN PRODUCTION: LABOR
- VI. THE PERSONAL FACTOR IN PRODUCTION: ENTERPRISE AND MANAGEMENT
- VII. SOME SIGNIFICANT DEVELOPMENTS OF MODERN PRODUCTION

PART III. THE CO-ORDINATION OF SPECIALISTS THROUGH THE MARKET

- I. A PECUNIARY MARKET SOCIETY
- II. MARKET STRUCTURES AND MARKET MANAGEMENT
- III. THE DETERMINATION OF VALUE AND PRICE
- IV. CO-ORDINATION THROUGH THE MARKET FOR FUNDS
- V. CO-ORDINATION THROUGH THE MARKET FOR LABOR
- VI. CO-ORDINATION THROUGH THE MARKET FOR ENTERPRISE AND MANAGEMENT
- VII. CONCERNING THE EFFECTIVENESS OF THE MARKET CO-ORDINATION OF SPECIALISTS



Digitized by the Internet Archive
in 2022 with funding from
Kahle/Austin Foundation

TABLE OF CONTENTS

PART I. ECONOMIC ORGANIZATION AND THE EMERGENCE OF THE MODERN ORDER

	PAGE
CHAPTER I. ECONOMIC ORGANIZATION	3
A. The Economic Struggle	4
1. What is Economics?	6
2. Man, the Adapter of his Environment. <i>Nordau</i>	7
3. Consequences of Scarcity. <i>T. N. Carver</i>	8
4. Fundamental Conditions of Abundant Want-Gratification. <i>Edwin Cannan</i>	13
B. Some Types of Economic Organization	15
1. A Greek Slave System. <i>A. E. Zimmern</i>	17
2. The Benevolent Despotism of the Incas. <i>William H. Prescott</i>	21
3. The Main Elements of a Socialistic Organization of Society. <i>R. T. Ely</i>	24
4. A Modern Utopia. <i>J. O. Hertzler</i>	27
5. The Organization of a Communistic Group. <i>W. C. Jones</i>	32
6. Plato's Sketch of an Industrial State	34
7. Characteristic Features of Our Present System	37
A. Individual Exchange Co-operation. <i>F. M. Taylor</i>	37
B. Diagrammatic Representation. <i>H. R. Seager</i>	40
CHAPTER II. THE EMERGENCE OF THE MODERN ORDER	43
A. The Economic Organization of Primitive Man	44
1. The Life of Paleolithic Man. <i>W. G. Smith</i>	46
2. Wherein Neolithic Culture Exceeded Paleolithic Culture. <i>A. L. Kroeber</i>	50
3. The Life of the Neolithic Iroquois. <i>S. H. Stites</i>	53
B. The Economic Organization of the English Medieval Manor	60
1. Description of a Manor. <i>H. de B. Gibbins</i>	61
2. The Social Classes of the Vill. <i>W. Hasbach, T. W. Page, H. O. Meredith</i>	64
3. An Example of Manorial Dues. <i>Frederic Seebohm</i>	69
4. How the Villains Became Free. <i>L. C. Marshall and L. S. Lyon</i>	71
5. The Organization and Cultivation of the Manor. <i>W. J. Ashley, E. Lipson</i>	72
6. Characteristics of the Manorial Group. <i>W. J. Ashley, Carl Bücher</i>	77
7. The Manor Compared with the Modern Village. <i>W. J. Ashley</i>	80

TABLE OF CONTENTS

	PAGE
C. Preview of the Content of Capitalism	82
1. Sombart's Analysis of Capitalism. <i>W. C. Mitchell</i>	84
2. The Background of the Development of Capitalism. <i>M. Weber</i>	90
3. Commercial, Financial, and Industrial Capitalism. <i>H. Séé</i>	93
4. The State and Capitalism. <i>Werner Sombart</i>	95
5. Calculation and Capitalism. <i>Werner Sombart</i>	98
6. The Composition of the Early Capitalist Class. <i>P. Mantoux</i>	100
7. The Capitalistic Spirit and the Protestant Ethic. <i>Talcott Parsons</i>	102
D. The Medieval Towns and Gilds	104
1. The Rise and the Significance of Towns. <i>W. Cunningham and E. A. McArthur, Clive Day, E. Lipson</i>	106
2. The Emergence of the Gild Merchant and of the Craft Gild. <i>H. O. Meredith, Charles Gross</i>	108
3. Leading Aspects of Gild Policy. <i>M. Weber</i>	112
4. Ordinances of the Gild Merchant of Southampton. <i>University of Pennsylvania</i>	115
5. Ordinances of the White Tawyers of London. <i>A. E. Bland, P. A. Brown and R. H. Tawney</i>	118
6. Characterization of Craft Gild Economy. <i>W. J. Ashley, E. Lipson</i>	121
7. The Gilds and the Modern Trade Union. <i>E. Lipson</i>	126
8. Causes Contributing to the Decline of the Gilds. <i>M. Weber</i>	129
E. The Development of Trade and Commerce	131
1. Fairs and Markets. <i>E. Lipson</i>	133
2. Sturbridge Fair. <i>D. Defoe</i>	137
3. The Law Merchant and Its Influence upon Modern Commercial Law. <i>E. Lipson, T. E. Scrutton</i>	140
4. The Markets and Shops of London. <i>H. R. Fox Bourne</i>	143
5. Pedlars, Merchants, and Chapmen. <i>J. J. Jusserand</i>	144
6. The Staplers, Merchant Adventurers, and Regulated Companies. <i>Charles Gross, B. E. S. Brodhurst, E. Lipson</i>	147
7. The Qualities Required in a Perfect Merchant of Foreign Trade. <i>Thomas Mun</i>	150
8. Methods of Marketing Abroad. <i>R. B. Westerfield</i>	152
9. Medieval and Early Modern Business Associations. <i>Clive Day</i>	154
10. Technical Requisites for the Transportation of Goods. <i>M. Weber</i>	159
11. Travel in the Middle Ages. <i>A. Abram</i>	161
12. Carriers and Communicators, 1660-1760. <i>R. B. Westerfield</i>	163
13. Currency, Credit, and Banking	166
A. In the Middle Ages. <i>Clive Day</i>	166
B. After 1650. <i>R. B. Westerfield</i>	168
14. The Early History of Insurance in England. <i>W. R. Scott</i>	171
15. The First Exchange in England. <i>George Clare</i>	173

TABLE OF CONTENTS

	PAGE
F. The Domestic System, Especially as Seen in the Woolen Industry	xiii
1. A Brief History of the Woolen Industry. <i>W. J. Ashley</i>	175
2. Commercial Organization in the Woolen Industry. <i>R. B. Westerfield</i>	177
3. The Agricultural Revolution in Relation to the Woolen Industry	181
A. In the Sixteenth Century. <i>H. D. Traill</i>	187
B. In the Eighteenth Century. <i>Conyers Read</i>	190
4. Loss of Control by the Gilds. <i>W. Cunningham</i>	192
5. Early Large-Scale Production. <i>H. O. Meredith</i>	193
6. The Domestic System a Forerunner of the Factory System. <i>W. J. Ashley</i>	196
7. The Worker under the Domestic System. <i>P. Mantoux</i>	198
G. The Industrial Revolution the Current Phase of Capitalism	200
1. The Changes Wrought by the Revolution. <i>L. L. Price</i>	201
2. The Causes and the Achievements of the Revolution. <i>H. O. Meredith</i>	206
3. The First Effects upon Labor. <i>P. Mantoux</i>	210
4. Significance of the Industrial Revolution. <i>W. H. Hamilton</i>	214
H. Medieval Social Control of Industrial Activity	217
1. The Church and Its Teachings. <i>J. H. Robinson, W. J. Ashley</i>	217
2. Control by Public Authorities, Local and National. <i>W. J. Ashley, H. O. Meredith</i>	223
3. Fair Dealing and Fair Price. <i>W. Cunningham</i>	228
4. The Development of Individualism. <i>Thomas Davidson, Leona M. Powell</i>	231
5. Control by Government in Modern Times	236
A. Mercantilism. <i>James Bonar</i>	236
B. The Mercantilist Regulations Become Onerous. <i>H. T. Buckle</i>	238
C. The Transition to <i>Laissez Faire</i> . <i>A. A. Bruce</i>	239
D. The Natural Rights Philosophy which Lies Behind <i>Laissez Faire</i> . <i>W. S. McKechnie</i>	241
6. The Changing Importance of the Forms of Control. <i>E. A. Ross</i>	243
CHAPTER III. RATES OF CHANGE IN THE DEVELOPING ECONOMIC ORDER	245
1. The Newness of Present-Day Living	248
2. The Processes of Social Change	256
3. Sombart on the Conditions of Invention. <i>W. C. Mitchell</i>	265
4. The Meaning of Human Evolution. <i>Vernon Kellogg</i>	266

PART I

ECONOMIC ORGANIZATION AND THE EMERGENCE OF THE MODERN ORDER



ECONOMIC ORGANIZATION AND THE EMERGENCE OF THE MODERN ORDER

CHAPTER

- I. ECONOMIC ORGANIZATION
- II. THE EMERGENCE OF THE MODERN ORDER
- III. RATES OF CHANGE IN THE DEVELOPING ECONOMIC ORDER

PURPOSES OF PART I

1. To visualize an economic organization as a response to the great fundamental fact of "scarcity."
2. To survey other types of economic organization in order to have a comparative background against which to depict the existing economic order.
3. To see the forces and events connected with the emergence of the existing order.
4. To realize that there is continual change in social organization and to get some appreciation of processes of change and of rates of change.

CHAPTER I

ECONOMIC ORGANIZATION

Purposes of this chapter:

1. To see economic activities in their setting of social organization.
2. To canvass the lines of action open to man in coping with scarcity.
3. To get a preliminary view of various possible types of economic organization.

As best we know there never has been a group of human beings so situated that all their wants were freely and spontaneously gratified by nature without effort on their part. Some things either do not exist in sufficient quantities fully to satisfy man's desires, or, though they exist in abundance, they are not available in the exact form man wishes, or they are not available at the precise places at which man desires to use them, or they are not available at the right time. Consequently, man always has found it necessary to overcome obstacles in order to gratify his desires. Sometimes our problem is merely to increase the quantity or change the form of a given commodity; sometimes it is to make goods available at the right places; sometimes it is to make goods available at the desired time. Attacking such problems, we increase the quantity of flour by grinding more wheat; we transport the flour to other localities; we store it for use at a later time. Water exists in vast quantity; and yet in cities and in dry localities much effort may be spent in improving its quality, in transporting and storing it. Even the meager wants of savages in riotously fruitful, tropical regions are met only provided the labor of gathering the bounty of nature is performed. These are all instances of "scarcity" as the economist uses that word. He speaks of goods as being "scarce" for a given individual or community if at the appropriate place and time a quantity sufficient to satisfy .desires is not freely made available by nature without effort on man's part.

Economic activities, then, are a response (but not the only response) to the fundamental fact of scarcity. An economic order con-

INDUSTRIAL SOCIETY

sists of the organized ways of acting which men develop in their attempt to gratify their varied desires in the face of difficulties. The characteristics of any economic order which is evolved depend in large measure upon the kind of desires men have, upon the character of the obstacles encountered in gratifying these desires, upon the equipment men have to work with, and indeed upon their whole cultural background.

Clearly, economic activities are carried on within what we call society and the process is largely conditioned by society. It is not wise for us to think of our economic activities as something that may be dissected out of, and separated from, social activities in general. Rather, we should realize that a survey of our economic organization involves a survey of the entire social organization from an economic point of view—from the point of view of how resources are utilized in gratifying human wants, or how man meets conditions of “scarcity.”

We should not suppose that there is any one “correct” or “right” type of economic organization. There have been many types in the past; there are many types in existence now in different sections of the world; there will presumably be many types in the future. Economic organization is continually changing—changing along with the changes that take place in the entire society.

A. The Economic Struggle

The study of the functioning structure of industrial society centers about man’s efforts to gratify his wants.

Nature does not spontaneously and gratuitously satisfy our wants. Our wants are many, insistent, and apparently capable of indefinite expansion. We “struggle with nature” in our effort to gratify these wants. It follows that these matters are of great significance: (a) our wants, (b) means-of-gratifying-these-wants, i.e., goods, and (c) the processes by which these goods are secured and applied to our wants. As regards these three matters:

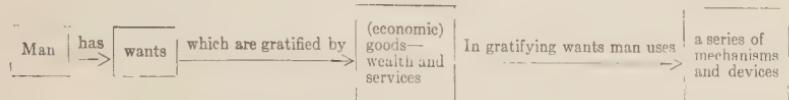
a) We may leave the analysis of wants to psychology.

b) Goods may be classified, from our present point of view, as follows: (a) free goods, which are not discussed in economics since they constitute no significant problem from that point of view; (b) economic goods, which are “scarce,” relative to the demand for them.

It has become customary to refer to material economic goods as wealth, and to non-material economic goods as services.

c) The processes through which these (economic) goods are brought into existence and applied to our wants are the subject matter of all our later discussion.

The material of the preceding paragraphs may be presented diagrammatically thus:



In all our later work, we shall be studying primarily the "mechanisms and devices"—not, however, as separate, isolated units, but in their relationships. It is not worth while, at this stage of our study, to attempt any scientific classification of these mechanisms and devices. It will suffice for the present if we realize that the following (among many, many others) are devices of the sort mentioned: capital, exchange, specialization, private property, competition, contract, inheritance, wages, rent, interest, profits, money, money economy, banks, insurance companies, laws regulating business operations. As we proceed, it will be seen that there is nothing immutable about these devices. Most of them are, historically speaking, quite new. No one can wisely predict when, if ever, they will be supplanted by others. Taken as an ever changing whole, they constitute in their interrelationships and ramifications that curious complex called industrial society.

It will be helpful to have the following issues¹ in mind while reading the selections in this section:

1. Why is "the economic struggle" inevitable?
2. What courses of action lie open to man in coping with scarcity?
3. Wherein does man differ from the animals in the process of adaptation?
4. Under what conditions can man cope fairly successfully with scarcity?
5. Does the expression "economic order" indicate a separable and separate economic organization or does it indicate a point of view toward all social living?

¹ A more detailed statement of issues may be found in *Outlines of the Economic Order*, pp. 3-9. (The University of Chicago Press.)

1. WHAT IS ECONOMICS?

A few years ago a committee of economists drew up a statement setting forth what is meant by economics. This statement was submitted to more than one hundred other economists for suggestions and criticisms. It was then revised and this revised form is the nearest approach we have to a formal pronouncement by our economists concerning the meaning and content of economics. It is accordingly reproduced in the next three paragraphs. The statement runs:

The distinctive contribution of economics is the understanding it gives of the processes by which men get a living. A very large part of human activity is devoted to the process of getting a living. One of the significant things about our world is the fact that nature does not gratuitously supply all, or even many, of the commodities and services desired. In consequence, we "struggle" to get a living; we learn to "economize" (in the broadest sense of that term) in the selection and utilization of effective means of gaining desired ends. These activities are *our economic activities*. They are carried on largely in group life and, even when most individual, are affected by group life. Economics, then, promotes a realization of what it means to live together and an understanding of the conditions essential to living together well, because it helps to explain the organization and functioning of an evolving society from the point of view of the social processes of making a living.

Economics sets forth, for example, certain aspects of our specialization, our interdependence, our associative effort, our technological struggle with nature, our pecuniary organization of the production and sharing of goods, our utilization of labor under the wage system, our market exchange, our international economic relations, our scheme of private property and competitive effort—all of which have become vital parts of our present social organization—and it shows how all of these function in enabling us to work and to live together. Concerning these economic processes certain generalizations or laws have been worked out and they are available as standards or guides for individuals and for groups.

Living together well in a democracy will be furthered if its people take an intelligent part in the guidance of the process. It is in this connection that it becomes peculiarly important that there should be a widespread knowledge of economic generalizations. Since a large part of our activities are economic activities, problems of competition, combinations of capital and of labor, distribution of income in relation to the common welfare, trade, transportation, and finance (to cite only a few) will always receive a large share of attention by every society which is concerned in restraining, regulating and promoting economic activities that affect the social welfare. If democracy is to succeed, a large number of its members must learn to form intelligent judgments upon economic issues—to make those wise choices between alternative courses of action which are the real essence of "economy" broadly conceived. They can do this only provided they come to know the general plan or organization of our economic life, and to appreciate the

existence and character of economic law in both domestic and international relations.

2. MAN THE ADAPTER OF HIS ENVIRONMENT^{1a}

Man, and man alone of living creatures, neither submitted to the sentence of death pronounced by nature against all the creatures to whom she denied the means for continued existence, nor directed his efforts to alter his corporeal organization to suit murderous natural conditions. He made some alteration in his diet, took to eating meat instead of the fruits, roots, eggs, jelly- and shell-fish that were natural to him; but in essentials he remained unchanged. He did not grow a fur coat. On the contrary, he lost the covering of hair that had not been a protection against the cold so much as a means of strengthening his skin and preserving it against insects, sunburn, and rain, and perhaps of adorning it. He did not harden himself to bid defiance to the open weather, after the fashion of the beasts of the fields and of the woods. He did not strain after the mane and claws of the lion, the iron muscle and complicated digestion of the cud-chewing ox. On the contrary, he invented a mode of adjustment surpassing the ingenuity of any previous creature on the earth. Instead of altering himself, he directed his efforts to the alteration of external conditions. Instead of trying to fit his organism into an environment that had become incompatible with his needs, *he tried to adapt that environment to his organism and its needs.*

This new and peculiarly human method of adjustment is still going on, and will probably never cease. It is incessantly becoming more delicate, skilful, and complete; all man's gifts are devoted to it; it is, as a matter of fact, the sole distinct meaning which the impartial observer can discern in the course of history; it determines all human events that are determined by the will of man rather than the order of nature. According to all biological laws, man should have disappeared from the surface of the earth with the first Ice Age, just as every other living thing before him vanished so soon as the free gifts of nature no longer satisfied its organic needs. But he maintained himself in defiance of nature. Instead of submitting, he advanced resolutely to the combat.

^{1a} From Nordau, *The Interpretation of History*, pp. 137-40. (Moffat, Yard & Co., 1911.)

From birth to death he surrounds himself with artificial conditions; if he neglects them for a moment, his life is in imminent danger. His body has to be protected. In very warm climates, clothing, like tattoos and scars, the various ornaments in nose and lips, the hanging of trinkets round the neck, on breast and limbs, may have originated as a form of adornment and distinction; but in colder latitudes the covering of the body was mainly due to the necessity of keeping warm. Man makes his supreme discovery, never surpassed or equalled—the kindling and keeping up of fire. With its aid he secures the degree of warmth helpful and agreeable to him, which the chemical action of his own cells cannot provide; by using fire in the preparation of his foods he simplifies digestion, and is enabled to extract nutriment of various natural kinds that he could not otherwise have enjoyed. He soon ceased to depend on the holes which he found ready made, and began to dig out or build up roofs and walls. In this way he secured, within his own small circle, that protection from the wind, that dryness and warmth, that the open air no longer afforded. He artificially created the climate that he thought suited him.

With ever active inventiveness and ardent zeal, he wrested from his environment everything that it denied him, which he could not as yet do without. His whole existence is as paradoxical as that of the diver in the depths of the sea. Destruction threatens it whenever one of the manifold precautions erected by man for his own preservation is disturbed. Goethe's Homunculus, who can only live in the retort in which he was created, and must instantly perish with the breaking of his glass, appears one of the most far-fetched and unreal creations of the poetic imagination. As a matter of fact, it is reality itself, a perfect symbol of the relations of man to nature. The artificial protections that inclose him are like the glass retort; if he emerge from them and stand, naked as he was born, face to face with nature, he must perish without hope, and descend to the fossils which once lived and flourished so long as nature permitted, and disappeared without a struggle when warmth and nourishment were withdrawn from them.

3. CONSEQUENCES OF SCARCITY²

Of course, the first and most obvious reason for the scarcity of goods is that nature has not provided them in sufficient abundance to

² Adapted by permission from T. N. Carver, "The Economic Basis of the Problem of Evil," *Harvard Theological Review*, I (1908), 98-111.

satisfy all the people who want them. Of some things, it is true, she is bounteous in her supply; but of others she is niggardly. Things which are so bountifully supplied as to satisfy all who want them do not figure as wealth, or economic goods, because we do not need to economize in their use. But things which are scantily supplied must be meted out and made to go as far as possible. Because we must practice economy with respect to them they are called economic goods or wealth.

The fact that there are human wants for whose satisfaction nature does not provide in sufficient abundance—in other words, the fact of scarcity—signifies that man is, to that extent at least, out of harmony with nature. She must therefore be subjugated and compelled to yield larger returns than she is willing to do of her own accord. And that expanding multitude of desires, of appetites, and of passions which drive us as with whips; which send us to the ends of the earth after gewgaws with which to bedeck our bodies and after new means of tickling the five senses; which make us strive to outshine our neighbors, or at least not to be outshone by them—these even more than our normal wants show how widely we have fallen out of any natural harmony which may supposedly have existed in the past.

Viewed from this standpoint, the whole economic struggle becomes an effort to attain to a harmony which does not naturally exist. As is well known, the characteristic difference between the non-economizing animals, on the one hand, and man, the economizer, on the other, is that in the process of adaptation the animals are passively adapted to their environment, whereas man assumes the active rôle in attempting to adapt his environment to himself. If the climate is cold, animals must develop fur or blubber, but man builds fires, constructs shelters, and manufactures clothing. If there are enemies to fight against, the animals must develop claws or fangs, horns or hoofs, whereas man makes bows and arrows, or guns and ammunition. The whole evolutionary process, both passive and active, both biological and economic, is a development away from less toward greater adaptation, from less toward greater harmony between the species and its environment.

That phase of the disharmony between man and nature which takes the form of scarcity gives rise also to a disharmony between man and man. Where there is scarcity there will be two men wanting the same thing; and where two men want the same thing there is an antagonism of interests. When there is an antagonism of interests between

man and man there will be questions to be settled, questions of right and wrong, of justice and of injustice; and these questions could not arise under any other condition. The antagonism of interests is, in other words, what gives rise to a moral problem, and it is, therefore, about the most fundamental fact in sociology and moral philosophy.

This does not overlook the fact that there are many harmonies between man and man, as there are between man and nature. There may be innumerable cases where all human interests harmonize, but these give rise to no problem, and therefore we do not need to concern ourselves with them. But where interests are antagonistic and trouble is constantly arising, we are compelled to concern ourselves whether we want to or not. As a matter of fact, we do concern ourselves in various ways; we work out systems of moral philosophy and theories of justice after much disputation; we establish tribunals where, in the midst of much wrangling, some of these theories are applied to the settlement of actual conflicts; we talk and argue interminably about the proper adjustment of antagonistic interests of various kinds, all of which, it must be remembered, grow out of the initial fact of scarcity—that there are not as many things as people want.

These considerations reveal a third form of conflict—perhaps it ought to be called the second—a conflict of interests within the individual himself. If the procreative and domestic instincts are freely gratified, there will inevitably result a scarcity of means of satisfying other desires, however modest those desires may be, through the multiplication of numbers. Either horn of the dilemma leaves us with unsatisfied desires of one kind or another. We are therefore pulled in two directions, and this also is a condition from which there is no possible escape. But this is only one illustration of the internal strife which tears the individual. The very fact of scarcity means necessarily that if one desire is satisfied it is at the expense of some other. What I spend for luxuries I cannot spend for necessities; what I spend for clothing I cannot spend for food; and what I spend for one kind of food I cannot spend for some other. This is the situation which calls for economy, since to economize is merely to choose what desires shall be gratified, knowing that certain others must, on that account, remain ungratified.

Economy always and everywhere means a threefold conflict—a

conflict between man and nature, between man and man, and between the different interests of the same man.

In this antagonism of interests, growing out of scarcity, the institutions of property, of the family, and of the state, all have their common origin. No one, for example, thinks of claiming property in anything which exists in sufficient abundance for all. But when there is not enough to go around, each unit of the supply becomes a prize for somebody, and there would be a general scramble did not society itself undertake to determine to whom each unit should belong. Possession, of course, is not property, but when society recognizes one's right to a thing and undertakes to protect him in that right, that is property. Wherever society is sufficiently organized to recognize these rights and to afford them some measure of protection, there is a state, and there is a family wherever there is a small group within which the ties of blood and kinship are strong enough to overcome any natural rivalry and to create a unity of interests.

Closely associated with the right of property—as parts of it, in fact—is a group of rights, such as that of contract, of transfer, of bequest, and a number of other things with which lawyers occupy themselves. It would be difficult to find any question in the whole science of jurisprudence, or of ethics, or of politics, or of any of the social sciences, for that matter, which does not grow out of the initial fact of economic scarcity and the consequent antagonism of interests among men.

	I. UNECONOMICAL
1. Destructive	War Piracy Plunder Swindling Counterfeiting Adulteration of goods Monopolizing
2. Neutral	Marrying wealth Inheriting wealth Benefiting through a rise in land values
II. ECONOMICAL	
1. Primary industries	Farming Mining Hunting Fishing Lumbering
2. Secondary industries	Manufacturing Transporting Storing Merchandising
3. Personal or professional service	Healing Teaching Inspiring Governing Amusing, etc.

WAYS OF GETTING A LIVING³

³ T. N. Carver, *Principles of Rural Economics*, p. xx. (Ginn & Co., 1911.)

It would be interesting to follow up our conclusion with an examination of the possibilities of escape from the situation which is imposed upon us by economic scarcity. Out of the view that the conflict of man with nature is a source of evil grow two widely different practical conclusions as to social conduct. If we assume that nature is beneficent and man at fault, the conclusion follows as a matter of course that desires must be curbed and brought into harmony with nature, which is closely akin to Stoicism if it be not its very essence. But if, on the contrary, we assume that human nature is sound, then the only practical conclusion is that external nature must be coerced into harmony with man's desires and made to yield more and more for their satisfaction. This is the theory of the modern industrial spirit in its wild pursuit of wealth and luxury. Complete escape by either of these methods seems to be cut off, in the first place, by the refusal of desires, especially the elementary ones, to be repressed, and, in the second place, by the utter impossibility of increasing goods to a point which will provide for every possible increase in population when population is unchecked by economic motives.

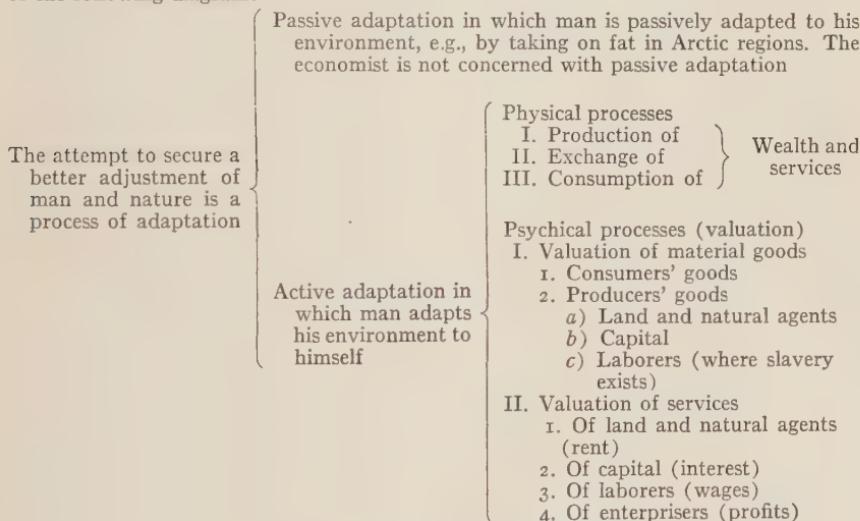
But even under the conditions of economic scarcity there would be no antagonism of interests between man and man if human nature were to undergo a change by which altruism were to replace egoism. If I could develop the capacity to enjoy food upon my neighbor's palate as well as upon my own, as I have already developed the capacity to enjoy it upon the palates of my children, and if my neighbor could develop a like regard for me, obviously there could be no antagonism of interests between us on the subject of food. Let this capacity become universal, and the moral problem would be solved.

We may escape from some of the worst features of the situation by working along several lines at the same time. Every improvement in the arts of production, whereby a given quantity of labor is enabled to produce a larger quantity of the means of satisfying wants, tends, of course, in some degree to alleviate scarcity. If this can be supplemented by the doctrine of the simple life, made effective especially in the lives of the wealthier classes, so much the better; for then there will be fewer wants to satisfy. If this result can be still further strengthened by a rising sense of the responsibilities of parenthood, whereby the reckless spawning of population can be checked, especially among those classes who can least afford to spawn, the discrepancy between

numbers and provisions will be kept at a minimum. Again, a more widespread spirit of altruism, or even a milder and more enlightened egoism such as that which moves the farmer to take delight in the sleek appearance of his horses, of the English landlord to take pride in the comfortable appearance of his tenants and cotters, would go a long way toward softening the antagonism of interests among men.

In spite of all these methods, however, there will still be antagonistic interests to be adjudicated. The state must therefore continue to administer justice. But every improvement in our conceptions of justice, as well as in the machinery for the administration of justice, whereby a closer approximation to exact justice may be secured, will make for social peace, though the mere application of conflicting interests will not remove the conflicts themselves nor their cause. That lies deeper than legislatures or courts can probe.

NOTE.—Professor Carver has sometimes indicated the field of economics by means of the following diagram:



4. FUNDAMENTAL CONDITIONS OF ABUNDANT WANT-GRATIFICATION⁴

No man actually lives in isolation, but we can well begin by asking what would be the conditions of wealth to such a man. His wealth would depend upon:

⁴ Taken by permission from Edwin Cannan, *Wealth*, pp. x-xi. (P. S. King & Son, Ltd., 1914.)

a) the magnitude of his original natural powers in proportion to his physical requirements;

b) the degree in which he had improved his powers and his outward surroundings;

He could improve his original powers both by mere practice and by deliberate self-training and research; he could improve his surroundings both by "good cultivation" and other beneficial alterations of the earth's surface and by the making of useful tools, buildings, etc.

c) the goodness of the judgment with which he used his powers and surroundings;

Labor as a whole is not an evil, but it is desirable to minimize the amount expended in the attainment of any particular end. There are differences in the agreeableness of different kinds of labor, and every kind becomes disagreeable when carried on too long. Consequently, in distributing his powers and using his surroundings the Isolated Man would have to be guided, not only by the urgency of his desires for different goods and the time to be spent in procuring them, but also by the kind of labor involved. He would also have to compare immediate with distant advantage, and decide how much of the one should be forgone for the sake of the other.

d) the extent to which he saw fit to sacrifice some possible wealth for some non-economic end which he regarded as more important.

These conditions of the wealth of Isolated Man exist also in regard to Society, which will be better or worse off according as:

1. Its members have great or small natural powers in proportion to their physical requirements.

2. Much or little improvement has been made in personal qualities, accumulated knowledge, and material surroundings.

3. Effort is more or less properly distributed between different ends, both present and future, and any irksomeness of effort is more or less properly weighed against results.

4. Much or little wealth is deliberately sacrificed for the sake of non-economic satisfactions regarded as more important.

But Society will also be better or worse off according as:

5. The age-composition of the population is more or less favourable to productive effort.

6. Greater or less advantage is taken of co-operation.

7. Population is more or less near the most suitable magnitude.

B. Some Types of Economic Organization

Various figures of speech have been applied to present-day industrial society. To some of us it is an organism, species undesignated; to others it is a human being; to others, a complex of forces; to others, a machine. Clearly none of these or of other illustrations is completely applicable to all the phases and manifestations of modern society. One illustration will serve certain purposes, another will be better adapted to different aims.

If we think of economic organization as a machine, attention may profitably be given to four aspects of the matter: (a) There is the question of the adequacy of the individual wheels, rods, and other parts, considered merely as parts. Sometimes it is convenient to think of these parts in terms of persons; at other times and for other purposes it serves better to speak of business units, such as a factory, a retail store, a United States Steel Corporation, as the parts of the machine. (b) Then, too, we must consider the effectiveness with which these parts are co-ordinated or organized into the machine as a whole. A machine of excellent individual parts may be loose-jointed, ramshackle, inefficient. Conversely, a machine of beautiful appearance with all adjustments perfectly made may be practically worthless if the component elements cannot bear strain in action. (c) Next, is there adequate power? Is it efficiently applied? Even a groaning, poorly built machine may do much work, if it can meet the strain and if power suffices. (d) Finally, if the power suffices, is the machine properly guided in its course? These four aspects will be considered in turn.

a) The *parts* of the industrial machine of today are far short of perfection, but they are reasonably sound and competent. If we think of them as persons, as human stock, we find ourselves in general agreement that the race is improving—this notwithstanding the arguments of those who see in modern strain, intensity, and discouragement arising from unequal opportunity, efficient causes of race deterioration. If the “parts” mean to us industrial units—businesses—we are likely to agree that within the given business unit there is a relatively high degree of efficient organization and relatively little waste—“relatively,” that is, to what has gone before and to the situation that exists in the case of the co-ordination of these parts into the machine as a whole. Anyone who believes this will also believe

that in our society some force is operating to select reasonably efficient managers as heads of these industrial units and that some force impels these managers to continuously efficient activity.

b) The *co-ordination* of the parts of the industrial machine is far from satisfactory from the point of view of the interests of society. There are countless cases in which the gears mesh improperly, in which connections are poorly made. The joints rattle—or are not sufficiently flexible. There is lost motion. Processes have been added as an afterthought or with little thought at all. Worse still, it requires no great skill to find cases of parts actually working at cross-purposes—of power being simultaneously applied in opposite directions. The “wastes of competition” and the achievements of “the predacious” even during normal times make a formidable catalogue, and there are periods—depressions we call them—when the machine is in a pitiable state. It is not surprising that some persons (with perhaps too great confidence in their powers both of analysis and of construction) would tear down the whole structure and erect a new one in its stead—or at least put in much tinkering, seeking a better co-ordination of parts.

c) But if there is no question that the industrial machine runs with much groaning and lamenting, there is equally no question that it runs with considerable speed. Tremendous *power* is applied and, incredible as it sounds, this power is applied at almost every part, joint, connection, or process. Perhaps it were wiser to use the plural and say great powers are applied, for there are many of them—these motives to industrial activity. For the present it will suffice to indicate that one of the most important of these motive forces is appeal to self-interest.

d) And what of the *guidance* of this industrial machine? Discussion of this phase of the matter must be postponed. The responsible agents are a motley array: producer, consumer, entrepreneur, technical expert, government, financier, property-holder, inventor, and many others.

All that follows through a good many hundred pages is in some sense but an elaboration of the foregoing paragraphs. It is best to prepare for this more elaborate study by making a brief comparative examination of a few of the many possible types of economic organization. This comparative examination is undertaken, so that we may

become aware of the commonplaces of our modern economic organization. We are so accustomed to the everyday facts of living together that we ordinarily do not appreciate the significance of these facts until we have examined societies in which they are not commonplaces. In examining these other societies, however, we are not interested primarily in mastering the details of their economic organization. We look at these details only to have a background against which we may more clearly see our own activities. Our primary interest is in understanding our own economic society.

The selections of this section will have more meaning if they are read with the following issues^{4a} in mind:

1. Just *what* is "organized" and *how* is it organized in a benevolent despotism? In a socialistic régime? In modern capitalism?
2. Can one locate a certain minimum of essential *functions* which are common to all types of economic organization, even if the *institutional devices* are different?
3. What are the outstanding differences in the institutional devices of benevolent despotism, socialism, and modern capitalism?
4. If one thinks of slavery as a device, what is the purpose of this device? What alternative devices could be used to accomplish the same end?
5. What is the full meaning of each word in the phrase "individual exchange co-operation" which is sometimes used to characterize our economic organization? Would it aptly characterize a slave system? A benevolent despotism? Socialism?

1. A GREEK SLAVE SYSTEM⁵

Slavery is an economic system which places capital and labour in the same hands, in which labour is itself merely so much living capital for the capitalist master. As Mill says, "All the produce belongs to the master. The food and other necessaries of his labouring are part of his expense. The labourers possess nothing but what he thinks fit to give them, and until he thinks to take it back; and they work as hard as he chooses, or is able to compel them."

^{4a} A more detailed statement of issues may be found in *Outlines of the Economic Order*, pp. 3-9. (The University of Chicago Press.)

⁵ Adapted by permission from A. E. Zimmern, "Greek Civilization," *Sociological Review*, II (1909), 3-6, 164-65.

What are the conditions which will naturally grow up under such a system?

What will be the distinctive features of work performed under such a system?

In the first place, it will be *reluctant work*. The slave has no motive for working and every motive for abstaining from work; he will therefore only work under physical compulsion or the fear of it; and will naturally tend to be employed in occupations where such compulsion is easily exercised. Slave-labour is therefore profitable in occupation (such as plantation work) where supervision is easy and inexpensive, and tends to become less profitable as supervision becomes more difficult and costly.

Secondly, it will be *unskilful work*. A slave has no motive for acquiring skill, and even if he acquired it, could not be relied upon to use it or be entrusted with valuable apparatus or materials.

Thirdly, it will be *unversatile work*. A reluctant unskilful worker needs to be drilled into his work till he performs it mechanically. He must therefore be found work which is regular and unchanging in its processes; for any alteration will entail time and expense in drilling him into new habits.

Fourthly, it will be *purely manual and physical*: for brain work cannot be satisfactorily set in motion by physical compulsion. A slave is therefore most valuable in the prime of life and decreases in value as he gets older, till he is no longer worth the cost of his keep. He will therefore tend to be treated just well enough to cause him to survive to the end of his working time.

Fifthly, slavery *involves a capital outlay*. Slave-labour is sometimes spoken of as cheap labour. Whether, in the long run, it is cheaper than free labour depends on a number of very varying considerations; but it is certainly more expensive in its initial stages: for a labourer is only hired, while a slave is bought outright. Employers, and particularly small employers, will therefore naturally endeavour, by the exercise of compulsion, to recoup themselves as quickly as possible for their outlay.

Sixthly, slavery involves a *large element of risky speculation*; for a slave may die of disease, or commit suicide, or escape; or his employment may cease and he be left on his master's hands. Slaves are

therefore not generally employed in occupations which lead to definite diseases (such as rubber-gathering in a swamp or agriculture in a malarious country), but only in occupations which gradually lower the vitality.

Seventhly, the slave, though unversatile, has yet *a double function*; he can be used not only to work for his master, but to breed for his master. Whether slaves are allowed to breed depends again on a number of varying considerations; but experience seems to show that slavery has never been self-supporting for more than brief periods of time. The American slave territory, for instance, was gradually divided off into slave-breeding and slave-consuming regions.

Eighthly, slavery is *unsettling to the community*; for, whereas the ordinary wage-earner can only lose, in the long run, by war and social unrest, the slave can only gain. Hence a slave society lives in constant fear of an uprising, and is really in a state of chronic civil war. A slave society will therefore tend to be a military society.

Ninthly, slave labour is *alien labour*. Under nearly every slave system slaves have actually been imported from outside into the community in which they work; but even where that is not the case, they will be regarded as aliens and representatives of a different civilization. There will therefore tend to be no interchange of sympathy or moral feeling between master and slave.

Lastly, and most important of all, slave labour *interferes with the work of production by free labour*. It interferes in three ways; it causes the withdrawal of a number of men from production to supervision and national defence; it diffuses a general sentiment against manual labour and any form of concentrated activity; and more especially it drives free labourers out of the occupations in which the slaves are engaged.

The Greek mining industry at Laurion (for the greater part of our evidence is about Laurion) consisted of two parts, the extraction of the ore and its carrying, crushing, and grinding above ground. We find cases of free men engaged above ground, but no case is known (and there is no reason for suspecting any) of free labour in the mines themselves. The work was carried on either in shafts and pits or in galleries. Some 2,000 shafts and 80–100 miles of galleries have been discovered. The shafts are generally deep, in some cases as deep as

250 feet; the sides are smooth and almost vertical, with ledges for ladders. These galleries were winding, following the vein of the ore, and were kept very narrow, partly to save the trouble of propping, partly to obtain quick results. They are generally 2-3 feet high and 2-3 feet broad. As the galleries were quite dark the miners worked with small clay lamps, for which niches were made in the rock; these remained alight for ten hours and almost certainly marked the length of the day shift. It is calculated that a workman could dig out about 12 yards of rock in a month of daily shifts. They worked in chains and almost naked, and were branded with their master's stamp. Ventilation was provided by occasional airshafts. All the authorities agree that the work went on without interruption night and day.

The number employed cannot be fixed with certainty; but since at the present day with modern machinery to keep down the numbers, the district employs some 11,000 men, Ardaillon believes that some 20,000 slaves must have been employed during the most prosperous period in the fifth century.

It can be seen from this account how closely ancient mining corresponded to the conditions laid down for a successful system of chattel slavery. The work is mechanical, unchanging, practically inexhaustible, and entirely unskilled; the workers are almost stationary in their places and can be chained without interfering with their efficiency; they work with only the roughest tools and appliances; the work does not involve disease but is yet sufficiently exhausting to lower the vitality and bring on an early death; it is carried on in a number of separate pits and galleries underground under conditions where the amount of work performed can easily be measured and tested, and where the task of supervision is extraordinarily simple and inexpensive. The overseer (generally a trusted apprentice slave) could probably look after the entire property of a considerable mine-owner or concessionaire. Above all, it is expended in production of silver, almost the only article for which there can be said to have been an international market and an unlimited demand.

Mining may therefore be taken as the typical industry for the employment of chattel slaves. Of course, it was not the only industry; we hear of chattels working in chains at quarrying and building and even (in Roman times) as fieldworkers and household drudges. But

their supervision is always awkward and tends to be dangerous. Sometimes the difficulty is evaded by mutilation and disablement. Roman nobles cut out the tongues of their door porters, and the Scythians blinded the slaves who helped in the butter-making. But a pastoral community can make little use of male prisoners; and in a later chapter of the same book Herodotus tells us that the Scythians, even when not cannibals, found the skins and skulls of their captives more useful than their labour.

2. THE BENEVOLENT DESPOTISM OF THE INCAS⁶

The impositions by the Incas on the Peruvian people seem to have been sufficiently heavy. On them rested the whole burden of maintaining, not only their own order, but every other order in the state. The whole duty of defraying the expenses of the government belonged to the people. The great hardship in the case of the Peruvian was, that he could not better his condition. His labours were for others rather than for himself. However industrious, he could not add a rood to his own possessions, nor advance himself one hair's breadth in the social scale. The Peruvian, labouring all his life for others, might be compared to the convict in a treadmill, going the same dull round of incessant toil, with the consciousness, that, however profitable the results to the state, they were nothing to him.

But this is the dark side of the picture. If no man could become rich in Peru, no man could become poor. No spendthrift could waste his substance in riotous luxury. No adventurous schemer could impoverish his family by the spirit of speculation. The law was constantly directed to enforce a steady industry and a sober management of his affairs. No mendicant was tolerated in Peru. When a man was reduced by poverty or misfortune (it could hardly be by fault), the arm of the law was stretched out to minister relief; not the stinted relief of private charity, not that which is doled out drop by drop, as it were, from the frozen reservoirs of "the parish," but in generous measure, bringing no humiliation to the object of it, and placing him on a level with the rest of his countrymen.

No man could be rich, no man could be poor, in Peru; but all

⁶ Adapted by permission from William H. Prescott, *History of the Conquest of Peru*, pp. 36-101. (Everyman Ed., E. P. Dutton & Co., 1909.)

might enjoy, and did enjoy, a competence. Ambition, avarice, the love of change, the morbid spirit of discontent, those passions which most agitate the minds of men, found no place in the bosom of the Peruvian. The very condition of his being seemed to be at war with change. He moved on in the same unbroken circle in which his fathers had moved before him, and in which his children were to follow. It was the object of the Incas to infuse into their subjects a spirit of passive obedience and tranquillity, a perfect acquiescence in the established order of things. In this they fully succeeded. The Spaniards who first visited the country are emphatic in their testimony, that no government could have been better suited to the genius of the people; and no people could have appeared more contented with their lot, or more devoted to their government.

The Peruvian institutions were all cast in the same mould. Each succeeding Inca seemed desirous only to tread in the path, and carry out the plans of his predecessor. Great enterprises, commenced under one, were continued by another, and completed by a third. Thus, while all acted on a regular plan, without any of the eccentric or retrograde movements which betray the agency of different individuals, the state seemed to be under the direction of a single hand, and steadily pursued, as if through one long reign, its great career of civilization and of conquest. The ultimate aim of its institutions was domestic quiet.

Husbandry was pursued by them on principles that may be truly called scientific. It was the basis of their political institutions. Having no foreign commerce, it was agriculture that furnished them with the means of their internal exchanges, their substance, and their revenues. They distributed the land in equal shares among the people, while they required every man, except members of the privileged orders, to assist in its cultivation. The Inca himself did not disdain to set the example. On one of the great annual festivals, he proceeded to the environs of Cuzco, attended by his court, and, in the presence of all the people, turned up the earth with a golden plough—or an instrument that served as such—thus consecrating the occupation of the husbandman as one worthy to be followed by the Children of the Sun. The patronage of the government did not stop with this cheap display of royal condescension, but was shown in the most efficient measures

for facilitating the labours of the husbandman. Under their patient and discriminating culture, every inch of good soil was tasked to its greatest power of production, while the most unpromising spots were compelled to contribute something to the subsistence of the people.

It added not a little to the efficacy of the government, that below the sovereign, there was an order of hereditary nobles of the same divine origin with himself, who, placed far below himself, were still immeasurably above the rest of the community, not merely by descent, but, as it would seem, by their intellectual nature. Was it not, as we have said, the most oppressive, though the mildest of despotisms?

It was the mildest, from the very circumstance, that the transcendent rank of the sovereign, and the humble, nay, superstitious, devotion to his will, made it superfluous to assert this will by acts of violence or rigour. The great mass of the people may have appeared to his eyes as but little removed above the condition of the brute, formed to minister to his pleasures. But, from their very helplessness, he regarded them with feelings of commiseration, like those which a kind master might feel for the poor animals committed to his charge, or—to do justice to the beneficent character attributed to many of the Incas—that a parent might feel for his young and impotent offspring. The laws were carefully directed to their preservation and personal comfort. The people were not allowed to be employed on works pernicious to their health, nor to pine under the imposition of tasks too heavy for their powers. They were never made the victims of public or private extortion; and a benevolent forecast watched carefully over their necessities, and provided for their relief in season of infirmity, and for their sustenance in health. The government of the Incas, however arbitrary in form, was in its spirit truly patriarchal.

Yet in this there was nothing cheering to the dignity of human nature. What the people had was conceded as a boon, not as a right. When a nation was brought under the sceptre of the Incas, it resigned every personal right, even the rights dearest to humanity. Under this extraordinary polity, a people advanced in many of the social refinements, well skilled in manufactures and agriculture, were unacquainted, as we have seen, with money. They had nothing that deserved to be called property. They could follow no craft, could engage in no labour, no amusement, but such as was specially provided by law. They

could not change their residence or their dress without a license from the government. They could not even exercise the freedom which is conceded to the most abject in other countries, that of selecting their own wives. The imperative spirit of despotism would not allow them to be happy or miserable in any way but that established by law.

The astonishing mechanism of the Peruvian polity could have resulted only from the combined authority of opinion and positive power in the ruler to an extent unprecedented in the history of man. Yet that it should have so successfully gone into operation, and so long endured, in opposition to the tastes, the prejudices, and the very principles of our nature, is a strong proof of a generally wise and temperate administration of the government.

3. THE MAIN ELEMENTS OF A SOCIALISTIC ORGANIZATION OF SOCIETY⁷

Socialism, when analyzed, is found to embrace four main elements. *The first of these is the common ownership of the material instruments of production.* It is not stated precisely how this common ownership is to be brought about or exactly what form it is to take. Opinions may and do differ about the practical steps which are to be taken to secure the desired end and also about the nature of the collective organization in which this ownership is to be vested. But no one can be called a socialist in the modern technical sense who does not accept the doctrine of the common ownership of the material instruments of production. The collectivity, that is, society as a whole, is to take the place of individuals and private associations of individuals as owners of land and capital, in order that the advantages of ownership may accrue to the whole, and not merely to a part of the whole. The private receipt of rent and interest in the economic sense then ceases, for rent and interest are the remuneration of ownership.

It is said *substantially* all land and capital, because it is held that it is not necessary that the common ownership should be absolutely all-inclusive. It is a weakness of the extremists to insist on all-inclusiveness in common ownership, which much damages their cause. What is necessary is that the collective ownership should become dominant in such manner as to control all other ownership and confine it within narrow limits. All the great instruments of production, like telegraphs,

⁷ Adapted by permission from R. T. Ely, *Socialism and Social Reform* (6th edition), pp. 9-17. (Thomas Y. Crowell Co.)

telephones, railways, forests, arable lands, and large manufacturing plants, must become collective property; but socialism does not imply that it is necessary to restrict individuals in the acquisition of the instruments of production on a small scale, for example, a wheelbarrow or a cart.

The second element in socialism is the common management of production. Not only are the material instruments of production to be owned in common, but they are to be managed by the collectivity, in order that to the people as a whole may accrue all the benefits of management, that is, all those gains of enterprise called profits, as distinguished from interest, and in order that the management may be conducted in accordance with the public need rather than in accordance with the advantage of private captains of industry. Production is to be carried on to satisfy our wants for material things and not for the sake of private profits. The distinction is undoubtedly a marked one. Production now ceases when those who manage it are unable to derive profits therefrom.

This common management of production means that the collectivity must furnish work for all who desire it. As the socialist state assumes the charge of production, leaving only very minor functions to individuals, it rests upon it, of course, to make the industrial society all-inclusive. How many could find employment in private service it is not easy to say. Under socialism we should expect a social organization of medical attendance and the supply of medicines, which would be simply carrying further tendencies already at work; and yet some might prefer to employ private physicians. Should the members of the socialistic society be willing to give part of their income in return for private medical services, there is no reason why they should be hindered in so doing. Similarly, religious services might be maintained by private contributions, and in the churches there could be large numbers of preachers outside of public employment. Possibly, also, room could be found for remunerative employment, of a private character, of a great many persons in the aggregate, who would concern themselves with the smaller branches of production. Yet if socialism works as well as it is claimed it will, there would naturally be a preference, altogether apart from any compulsion, for the public employment.

The third element is the distribution of income by the common

authority; that is, the income of society, or the national dividend, as it is frequently called; and it is that part of the wealth produced by society which may be used for enjoyment after the material instruments of production have been maintained and suitably improved and extended. The common ownership and management of the material instruments of production necessarily result in ownership of the national dividend by the collectivity, in the first instance, just as now those who own and manage industry have the ownership of the products of industry, and from these products satisfy the claims of those who have participated in their production. It remains for the collectivity to distribute all the wealth produced for consumption among all the members of society.

As there is provision for work for all in the public service, so there must be provided an income for all. But this provision of income for all reaches even further than the ranks of the toilers. There must always be in society some who are physically or mentally incapable of toil, and socialism contemplates the provision of an income for these also.

The fourth element in socialism is private property in the larger portion of income. It thus becomes at once apparent that modern socialism does not propose to abolish private property. Quite the contrary. Socialism maintains that private property is necessary for personal freedom and the full development of our faculties. The advantages of private property are claimed by the advocates of the existing social order as arguments for its maintenance; but socialism asserts that society, as at present constituted, is unable to secure to each one the private property which he requires. Socialism proposes to extend the institution of private property in such manner as to secure to each individual in society property in an annual income, which shall be, so far as practicable, sufficient to satisfy all rational wants and to protect all from those attacks upon personal freedom which proceed from the dependence of man upon man. The instruments of production do not exist for their own sake, but for the sake of products for consumption, which again have as their destination man's needs. Now, while private property in the instruments of production is to be reduced to its lowest terms, it is to be extended and strengthened in the products for the sake of which the instruments exist.

4. A MODERN UTOPIA⁸

Bellamy has his Mr. West of Boston fall asleep under the efforts of a mesmerist on Decoration Day, 1887, and wake up on September 10, 2000—more than 113 years later. He finds many profound changes, all illustrating a turn for the better.

He finds himself in a “city beautiful,” not smoky, squalid, and shabby as the Boston of old, for in this new age there was “no destination of the surplus wealth so popular as the adornment of the city,” which all enjoy in equal degree. What is more astonishing, it was a city without politicians, devoid of demagogism or corruption. Human nature had not changed, but conditions of human life, and with them the motives of human action had changed.

There was no such thing as a labor question. Integration and syndication of capital had brought its logical result, the national control of industries. When the people through their rapid progress became ripe for it, they took over the tyrannous monopolies and capital aggregates. The nation therefore assumed the responsibilities of capital. It was an extension of the functions of government to the economic welfare of all the people. Similarly, labor also was nationally organized, and this proved a true solution of what was regarded as the insoluble labor problem. When the nation became the sole employer all the citizens by virtue of their citizenship became employees to be distributed according to the needs of industry.

The state established a definite form of industrial service. The active period of service for each individual was twenty-four years, beginning at the close of the course of education at twenty-one and terminating at forty-five. After forty-five and until fifty-five, while discharged from labor, the citizen still remained liable to special calls in case of emergencies causing a sudden great increase in the demand for labor.

One may ask how the workers were divided up among the several hundred diverse trades and avocations. Bellamy's reply was that the industrial army was organized on the principle that a man's natural endowments, mental and physical, determine what he can work at most profitably to the nation and most satisfactorily to himself. Par-

⁸ From J. O. Hertzler, *History of Utopian Thought* (1926), pp. 228-35. By permission of The Macmillan Company, publishers.

ents and teachers watched from early years for indications of special aptitudes in children, taking utmost pains to cultivate these, for knowledge of and a certain preliminary training for the national industries was part of the educational system.

By equalizing the attractions in the trades the supply of workers for each trade was kept equal to the demand. This was done by making the hours in the different trades differ according to their arduousness. Furthermore, the workers had second and third choices as to occupation, so that, if owing to the progress of invention or changes in demand, the worker was unable to follow his first vocation, he could still find reasonably congenial employment. The common labor group included all recruits, who had to do this work before being admitted to the liberty of the trades. During this period the young men were taught habits of obedience, subordination, and devotion to duty. After these years at common labor they served an apprenticeship which differed in length in different occupations. Finally, they became full-fledged members of their vocation, being however, distributed in three divisions, distinguished by metal badges, according to the proficiency in their apprentice years.

Those who were too deficient in mental or bodily strength to be fairly graded with the main body of workers were in a separate grade, a sort of invalid corps, the members of which were provided with light tasks fitted to their strength. But they had the same income nevertheless, this depending upon the fact that they were men, and not on the amount of health, strength and mental capacity.

There were no wages in the sense of the wages of former days. The allotment of the worker was based on his humanity; all had the same share. A man who was able to work and persistently refused to do so, was sentenced to solitary imprisonment on bread and water till he consented. Since industry was no longer self-service, but service of the nation, patriotism and passion for humanity inspired the worker, as they formerly did the soldier. A man's rank depended upon the value of his services to society. There was another incentive of even greater significance, however. The highest of all honors in the nation, higher than the presidency which called merely for good sense and devotion to duty, was the red ribbon, awarded by the vote of the people to the great achievers of the generation. Only a certain few could wear it at any one time, though every bright young fellow aspired to it.

The head of the nation was the head of the industrial army, called the president. He was selected from among former heads of the ten departments into which the public activities were divided. These heads had been elected from among themselves by the generals of the various gilds, and these had been elected through various stages by all who had served their time in some particular guild, into which the various vocations were divided, and who had been discharged.

There was, of course, international peace, for there was no desire "on the slightest international misunderstanding, to seize upon the bodies of citizens and deliver them over by hundreds of thousands to death and mutilation, wasting their treasures the while like water." This perfect amity also simplified international trade. The business between nations was supervised by an international council and each nation had a bureau of foreign exchange which managed its own trading. A simple system of book accounts served perfectly to regulate their dealings, with balances struck in staples. There was no money, since all nations were on the same basis, nor were there customs duties. Nations supplied one another with goods at the same price they supplied their own citizens.

Bellamy's method of carrying on distribution of commodities was most unique. There were no stores and banks, their functions now being obsolete since the business of production and distribution was no longer in private hands. Since there was no money, he naïvely states, there was no use for banks. And since the nation was the sole producer of all commodities, there was no need of exchanges between individuals in order to get what they might require. Here everything was procurable from one source, the national storehouses, and nothing could be procured anywhere else.

A credit corresponding to his share of the annual product of the nation was given to every citizen on the public books at the beginning of each year, and a credit card issued to him with which he procured at the storehouses, which were found in every community, whatever he desired. This obviated exchanges between persons, made credit personal, hence nontransferable. Incidentally it solved the problem of poverty, for the nation guaranteed the nurture, education, and comfortable maintenance of every citizen from the cradle to the grave.

There was a central store, a magnificent structure, in each ward. These were, however, merely sample stores, and there were no clerks

trying to foist goods on customers. People made choices here and gave their orders. The orders were then phoned in to great central warehouses, and distributed from there by a system of tubes running to all parts of the city. The price of these goods depended upon the cost of the labor which produced the commodity, the cost of transportation and the scarcity of the goods. This price was then subtracted from the credit accounts of the individual consumers. The type and quantity of goods needed at each warehouse was based on carefully prepared annual consumption statistics.

Since land was publicly owned and business nationally conducted, and money wholly absent, there was no inheriting. There was nothing to prevent it, but also nothing to encourage it.

Housekeeping was entirely a community affair. Washing was done at public laundries at excessively low rates. The making and repairing of wearing apparel was done in public shops. The cooking was done in public kitchens, and the food was consumed in great community dining establishments, which were a sort of combination dining house, recreation building, library, and social rendezvous for the ward. Each family in the ward had its own elegantly furnished dining room in this great building. Meals were ordered the day before. Whenever people needed assistance for special emergencies, such as extensive cleaning, or renovation, or family sickness, they called for it from the industrial force and paid the nation for it. A playful idiosyncracy was the fact that in inclement weather all sidewalks were covered so as to prevent the weather from having any effect on the social movements of the people.

There were no jails because there was no crime. When the state took over all wealth, this ceased. As for the comparatively small class of violent crimes against persons, unconnected with any idea of gains, they were almost wholly the result of atavism, as he calls it, the work of the feeble-minded or other degenerate types, and these were cared for in hospitals. The only crimes of the new day were those due to the outcropping of ancestral traits. Nor were there any laws or legislation, since heretofore ninety-nine per cent of the laws were concerned with definition and protection of private property and the relations of buyers and sellers. Nor were there any lawyers, for there was no motive to color the truth, only to find it.

There was higher education on a large scale for everybody; not on a small scale for a select few. Nor did this new education unfit people for manual work, as had been the case with the old. The object of the education was to raise the general level.

Women were on an equal status with the men. Women as well as men were members of the industrial army, and left it only when maternal duties claimed them. The hours of women's work were considerably shorter than those of men, and the most careful provision was made for rest when needed. All the girls and women were ambitious for careers in addition to their maternal duties, which caused merely a temporary withdrawal. The organization of the female industrial army was the same as that of the men. The woman general-in-chief sat in the cabinet of the president. The women also received credit cards, just as the men, for "the maintenance of all our people is the same." Wives were not dependent on their husbands nor children on their parents. Since women were economically independent, there were no marriages except love marriages.

It was also an age of mechanical perfection. Music was centrally produced and enjoyed by any one by telephone connection in his own house for a small fee, thus making its enjoyment attainable by everybody instead of by the few as formerly. Sermons were also heard by telephone. Electricity was used everywhere.

It was a time of progress in every phase of life. The rise of the race to a new plane of existence with an illimitable vista of felicity, affected all its faculties, with a stimulus to which the medieval renaissance could be but faintly compared. There ensued an era of mechanical invention, scientific discovery, art, musical and literary productiveness. Peace, amity, sufficiency and leisure had brought a new Golden Age.

We have reserved comment or analysis because the naïveté, the shortsightedness, the misapplication, the very indiscriminating generalizations regarding the old order are obvious to the reader. Nor have we at any point called attention to certain of Bellamy's commendable anticipations of new institutions, and many changes which are already in effect some thirty years later, nor have we indicated the validity and possibility of most of his inventions. The reader has noticed these.

5. THE ORGANIZATION OF A COMMUNISTIC GROUP⁹

The Kaweah Colony was founded as a voluntary association in 1885 and became a joint stock company in 1888 under the name of the "Kaweah Co-operative Colony Company of California, Limited." The number of members was then fixed at five hundred, applicants to be first passed upon by a board of trustees and then admitted according to priority of payment of the membership contribution of five hundred dollars. The capitalization was fixed at \$250,000. All land and buildings and all other property except private dwellings and personal effects were held in common by the members.

The outline subjoined is an ideal rather than an actual achievement.

A Model of a Co-operative State, consisting of Divisions (3), each under a Manager; Departments (13), each under a Superintendent; Bureaus (58), each under a Chief; and Sections, each under a Foreman.

DIVISION I. (PRODUCTION)

- (1) Department of Collection: Bureaus:
 - 1. Fishing, 2. Hunting, 3. Woodmen, 4. Sand and clay collection.
- (2) Department of Extraction: Bureaus:
 - 1. Metallic extraction, 2. Coal and oil extraction, 3. Lime extraction, 4. Slate, stone, marble quarries.
- (3) Department of Growing: Bureaus:
 - 1. Fish culture, 2. Fowl, 3. Insect, 4. Flesh, 5. Forage, 6. Grain, 7. Vegetables, 8. Fruits, 9. Fibres, 10. Miscellaneous growing.
- (4) Department of Handicraft: Bureaus:
 - 1. Bureau of food, 2. Clothing, 3. Shelter, 4. Decorations.

DIVISION II. (DISTRIBUTION)

- (5) Department of Transportation: Bureaus:
 - 1. Freight traffic, 2. Passenger traffic.
- (6) Department of Storage: Bureaus:
 - 1. Warehouses, 2. Stores.
- (7) Department of Delivery: Bureaus:
 - 1. Carrier delivery.
- (8) Department of Finance: Bureaus:
 - 1. General audits, 2. Accounts, 3. Cash, 4. Exchange.

DIVISION III. (COMMONWEAL)

- (9) Department of Administration: Bureaus:
 - 1. Legislation: Sections: (a) Referendum, (b) Initiative, (c) Imperative mandate.

⁹ Adapted by permission from W. C. Jones, "The Kaweah Experiment in Co-operation," *Quarterly Journal of Economics*, VI (1891-92), pp. 73-75.

2. Executive: Sections: (a) Assignment of colony labor, (b) Assignment of outside work. *330.9 M 368,*
3. Judiciary: Sections: (a) Court of public disputes, (b) Of private disputes, (c) Of prizes and rewards.
- (10) Department of Education (Children and Adults): Bureaus:
 1. The Colony Journal.
 2. Physical Culture: Sections: (a) Gymnastics (Turnverein), (b) Drill: "Setting-up," (c) Boxing, fencing, wrestling, (d) Swimming, (e) Shooting, archery.
 3. Mental Culture: (Speech-craft) Sections:
 - (a) Science: Heat, light, sound, motion, mechanics, electricity, chemistry, geology, zoölogy, mathematics, geography, history, astronomy, languages, philosophy, politics, sociology, metallurgy, logic, metaphysics, natural justice, or law, medicine.
 - (b) Literature: Poetry, prose, belles-lettres.
 - (c) Art: Music, painting, sculpture, architecture, drama, tragedy, comedy, choral music, the dance, ceremonials and festivals, debate, declamation, the band, flower culture, modeling, drawing, design.
 4. Moral Culture: Sections: To teach the colonists to love courage, fidelity, truth, kindness, purity, generosity, love, self-sacrifice, independence, modesty, gentleness, toleration, mercy, gratitude, justice, forgiveness, temperance, politeness, honesty, conscientiousness, speech-craft, firmness, judgment, prudence, perseverance, industriousness; and to hate cowardice, falsehood, treachery, infidelity, cruelty, impurity, avarice, niggardliness, hatred, selfishness, servility, vanity, ferocity, bigotry, vindictiveness, bestiality, indulgence, rudeness, dishonesty, unscrupulousness, garrulity, weakness, vacillation, rashness, stupidity, frivolity, desistance, and laziness. These departments to be carried out by kindergarten, lecture, debate, classes, and the press.
- (11) Department of Public Service: Bureaus:
 1. Public health, 2. Drainage, 3. Fertilizing, 4. Roads, 5. Ditches, 6. Water supply, 7. Heating, 8. Lighting, 9. Pneumatics, 10. Post-Office, 11. Telegraph and telephone, 12. Cleanliness, 13. Propaganda.
- (12) Department of Amusements (should co-operate with the Department of Education): Bureaus: *[redacted]*
 1. Of scientific exhibition, 2. Athletic exhibition, 3. Social amusement. There should be constructed for these departments elegant, imposing, and artistic structures, which might be called the Forum, the Theater, the Amphitheater, the Arena, Academe, etc.
- (13) Department of Defense: Bureaus:
 1. Fire Department, 2. National Guard.

6. PLATO'S SKETCH OF AN INDUSTRIAL STATE¹⁰

A State, I said, arises, as I conceive, out of the needs of mankind; no one is self-sufficing, but all of us have many wants. Can any other origin of a State be imagined?

There can be no other.

Then, as we have many wants, and many persons are needed to supply them, one takes for one purpose and another for another; and when these helpers and partners are gathered together in one habitation the body of inhabitants is termed a State.

True, he said.

And they exchange with one another, and one gives, and another receives, under the idea that the exchange will be for their good.

Very true.

Then, I said, let us begin and create a State; and yet the true creator is necessity, who is the mother of our invention.

True, he replied.

Now the first and greatest of necessities is food, which is the condition of life and existence.

Certainly.

The second is a dwelling, and the third clothing and the like.

True.

And now let us see how our city will be able to supply this great demand. We may suppose that one man is a husbandman, another a builder, some one else a weaver—shall we add to them a shoemaker, or perhaps some other purveyor to our bodily wants?

Quite right.

The barest notion of a State must include four or five men.

Clearly.

And how then will they proceed? Will each give the result of his labours to all?—the husbandman, for example, producing for four, and labouring in the production of food for himself and others four times as long and as much as he needs to labour; or will he leave others and not be at the trouble of producing for them, but produce a fourth for himself in a fourth of the time, and in the remaining three fourths of his time be employed in making a house or a coat or a pair of shoes?

¹⁰ Taken by permission of the Oxford University Press and the Trustees of the Jowett Copyright Fund from *The Dialogues of Plato*, translated by B. Jowett.

Adeimantus thought that for him to labour at producing food only would be the better way.

Most probably it would, I replied; and I am reminded by your words that we are not all alike; there are diversities of natures among us which are adapted to different occupations.

Very true.

And will you have a work better done when the workman has many occupations, or when he has only one?

When he has only one.

And if so, we must infer that all things are produced more plentifully and easily and of a better quality when one man does one thing which is natural to him and at the right time, and leaves other things.

Undoubtedly.

Then more than four citizens will be required; for the husbandman will not make his own plough or mattock, or other implements of agriculture, if they are to be good for anything. Neither will the builder make his tools—and he too needs many; and in like manner the weaver and shoemaker.

True.

Then carpenters, and smiths, and other artisans, will be sharers in our little State, whch is already beginning to grow?

True.

Yet even if we add neatherds, shepherds, and other herdsmen, in order that our husbandmen may have oxen to plough with, and builders as well as husbandmen may have beasts of burden for their carrying, while curriers and weavers make use of their fleeces and skins,—still our State will not be very large.

That is true; yet neither will that be a very small State which contains all these.

Further, I said, to place the city on a spot where no imports are required is well nigh impossible.

Impossible.

Then there must be another class of citizens who will bring the required supply from another city?

There must.

But if the trader goes empty-handed, taking nothing which those who are to supply the need want, he will come back empty-handed.

That is certain.

And therefore what they produce at home must be not only enough for themselves, but such both in quantity and quality as to accommodate those from whom their wants are supplied.

Very true.

Then more husbandmen and more artisans will be required?

They will.

Not to mention the importers and exporters, who are called merchants?

Yes.

Then we shall want merchants?

We shall.

And if merchandise is to be carried over the sea, skilful sailors will be needed, and in considerable numbers?

Yes, in considerable numbers.

Then, again, within the city, how will they exchange their productions? and for the sake of this, as you may remember, we made them into a society and constituted a State.

The way will be, that they will buy and sell.

Then they will need a market-place, and a money-token for purposes of exchange.

Certainly.

Suppose now that a husbandman, or possibly an artisan, brings some production to market, and he comes at a time when there is no one to exchange with him,—is he to leave his work and sit idle in the market-place?

Not at all; he will find people there who, seeing the want, take upon themselves the duty of sale. In well-ordered states they are commonly those who are the weakest in bodily strength, and therefore unable to do anything else; their only business is to be in the market, and take money of those who desire to buy goods, and in exchange for goods to give money to those who desire to sell.

This want, then, will introduce retailers into our State. Is not “retailer” the term which is applied to those who sit in the market-place buying and selling, while those who wander from one city to another are called merchants?

Yes, he said.

And there is another class of servants, who are intellectually hardly on the level of companionship; still they have plenty of bodily strength for labour, which accordingly they sell, and are called, if I do not mistake, hirelings, hire being the name which is given to the price of their labour.

True.

Then hirelings will help to make up our population?

Yes.

And now, Adeimantus, is our State matured and perfected?

Surely.

Where, then, is justice, and where is injustice, and in what part of the State are they to be found?

Probably in the dealings of these citizens with one another. I cannot imagine any other place in which they are more likely to be found.

I dare say that you are right in your suggestion, I said; still, we had better consider the matter further, and not shrink from the task.

7. CHARACTERISTIC FEATURES OF OUR PRESENT SYSTEM

A. INDIVIDUAL EXCHANGE CO-OPERATION¹¹

It is easy to imagine an economic order wherein each person produces the very things which he consumes—bakes the bread he eats from flour he has ground from wheat he has raised. Such an order might be called an autonomous economic order. But the actual system is far different. Most of the goods which each of us consumes are, speaking literally, produced by others, while most of those which each produces are consumed by others. In short, the present order is not autonomous, but co-operative. Herein is the most important single characteristic of that order.

The second important fact about our present system is to be found in the peculiar way in which our co-operation is effected, brought about. When the word co-operation is used, the first thought suggested is that of a system in which we act together as the result of an agreement entered into, or of authority exercised over us by some outside power. Thus, people co-operate in getting up a church supper or a picnic, through agreement. On the other hand, in the family we have

¹¹ Adapted by permission from F. M. Taylor, *Principles of Economics*, pp. 9-13. (University of Michigan, 1916.)

a co-operation which is brought about by the authority of one or both of the parents. Such co-operation is conscious, organized. This type is present in communistic societies, many of which have existed in the United States, e.g., Shakers, Oneida, Amana. In contrast with such conscious, organized co-operation, that of the present order is largely spontaneous, unconscious, organic. Each man produces some commodity or service and exchanges it for the commodities or services of his neighbors. In doing this he and they really co-operate, but they are scarcely conscious that this is true. The fact just brought out is expressed by saying that our co-operation in the present order is effected, brought about, through exchange. And accordingly we denominate that order as one of exchange co-operation.

But there is another reason for calling this order one of exchange co-operation. It is pretty clear that, if we have any co-operation at all, there must be some way of regulating that co-operation. We need more of some things than of others. We need certain things so much that it will pay us to have them even at the cost of going without some other things altogether. Unless there is some guiding, directing machinery, we shall be wasting our resources producing the wrong things, or the right things in the wrong proportion. Now, in some kinds of co-operation this regulating is done, or would be done, by authority. This is the case within the family. How much time the farmer's boy shall put in weeding the garden, how much splitting wood, how much picking up stones, and so on, the farmer determines by authority; and such a system prevails in the main in the communistic societies to which reference has already been made. But throughout most of the present order our co-operation is regulated by the same machinery of exchange which effects that co-operation, and in the same spontaneous way. If too little of anything is produced, prices rise or the market expands, profits increase, and so producers of their own motion increase output; if, on the other hand, too much of anything is produced, prices fall or the market contracts, profits diminish, and so producers of their own motion diminish output. Again, if the output of some commodity during a particular year is exceptionally small, so that consumption all along the line needs to be curtailed, this is usually accomplished, not by the interposition of the public authorities, but by an automatic rising of price which induces almost everyone to cut

down consumption of his own motion. So, in various other ways, exchange regulates our co-operation.

The next most important characteristic of the present order is individual initiative. It is quite possible to conceive a system of co-operation which, in part at least, is effected and regulated by exchange, but in which initiative is left to society as a whole, government. This would be the case under socialism as it is commonly advocated. In such a system the state would be the sole farmer, miner, manufacturer, merchant, *et al.*, i.e., the state alone would undertake to produce things, putting all individuals into the position of employees. But it would enter into relations with these individuals under the conditions of free contract, buying their services in the open market. Further, it might, probably would, pay for these services prices determined under the free working of the laws of value. So, in determining what, and how much, should be produced, it would probably be guided by the fluctuations of freely determined prices. (For example, if the price of some particular thing went down, the government would take this as a warning to diminish the production of that thing.) But while such a system would, like the present, be a system of exchange co-operation, it would differ radically in leaving all initiative to the state; whereas, in the present order, initiative is mostly, though not entirely, the business of the individual—persons who have the means and think they see a chance to obtain profits set about producing wheat or iron or chairs or what not. Accordingly, to give something like a complete characterization of the present order in its most general features we have to say that it is a system of individual exchange co-operation.

The preceding discussion has laid much stress upon the fact that the existing order is co-operative. In thus characterizing that order we almost necessarily say that it is one wherein specialization prevails, i.e., one in which different persons devote themselves to doing different things—one man makes shoes, another clothes, another bread, and so on. Doubtless there are occasions when homogeneous co-operation, i.e., co-operation of persons doing the same sort of things, is of decided advantage, e.g., a barn raising; but co-operation would have very slight significance compared with what it now has did it not also prevail in the form of heterogeneous co-operation, i.e., a co-operation in which the different participants do different things. Further, the suc-

cessful workings of heterogeneous co-operation would require that the differentiation of tasks should be more or less permanent—each one should make a practice of doing one sort of thing only. That is, we should have to have thoroughgoing specialization. And of course this is what we do have in the present order. Each devotes himself to doing one sort of thing, acquiring in this way extraordinary skill and efficiency. Further, the same rule of specialization is applied to the instruments used in production, the tools and machines, till more and more each is fitted for one very small job. Finally, the same idea is

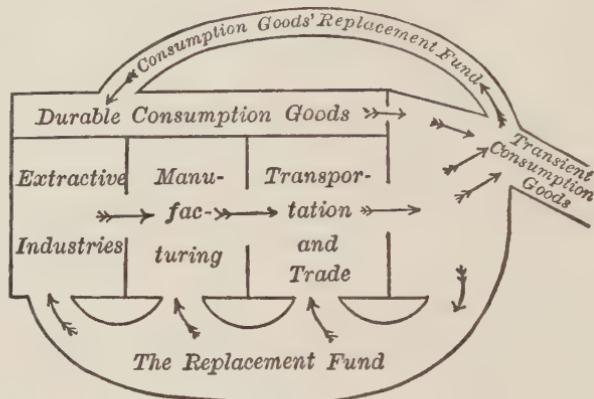


FIG. I

carried out with respect to land—one district being devoted to celery, another to onions, another to citrous fruits, and so on.

B. DIAGRAMMATIC REPRESENTATION¹²

Figure I represents capitalistic production in a self-contained industrial society brought to a state of normal equilibrium. In it are represented in successive and connected compartments the three great branches of production: the extractive industries, manufacturing, and transportation and trade. Raw materials, the products of extractive industries, flow through from left to right, being enriched as they pass along by the addition of form, place, time, and possession utilities. On leaving the hands of dealers they are separated into two great streams, one the replacement fund, which flows back to repair and renew capi-

¹² Adapted by permission from H. R. Seager, *Principles of Economics*, pp. 189-91, 284-85. (Henry Holt & Co., 1913.)

tal goods worn or destroyed in the process of production, the other, consumption goods, which begin immediately to gratify wants. The consumption-goods stream is again subdivided, one branch conveying the second and subordinate replacement fund needed to repair and renew the durable consumption goods whose presence is indicated at the top of the diagram and which give off a continuous stream of utilities to mingle with those afforded by transient consumption goods, the

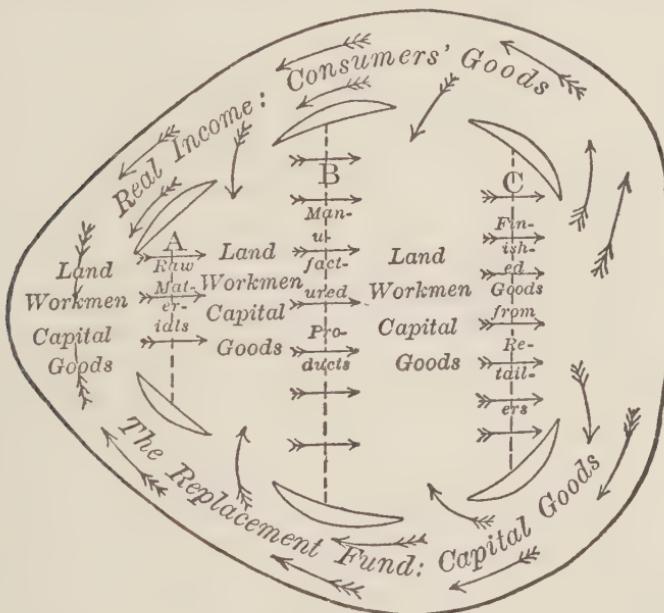


FIG. 2

other and larger branch into which the main consumption-goods stream is divided. The net product represented in this diagram consists in part of raw materials, in part of manufactured goods, finished and unfinished, and in part of the utilities subsequently added at the stage "transportation and trade." Only a very limited part is sufficiently advanced to be flowing out with the stream of consumption goods to minister directly to human wants. On the other hand, it is from this stream of consumption goods that the entire real income for which the money income is exchanged is drawn.

In order to state the laws determining rent, wages, and interest, it will be necessary to advert to the relations that would prevail in an in-

dustrial society brought to the state of normal equilibrium. In such a society the relation between production, distribution, and consumption would be extremely simple. The whole matter may be represented graphically by Fig. 2.

In Fig. 2 production is represented as subdivided into three great stages. The extractive industries, depicted at the extreme left, turn out raw materials. Manufacturing takes these and transforms them into manufactured products. Transportation and trade deliver these finished products to purchasers, who may be either consumers converting their money incomes into real incomes or enterprisers converting the free replacement fund into capital goods to restore the wastes incidental to production. The figure represents movement without change. Goods are flowing continuously from stage to stage. At the last stage the stream is divided, an unvarying volume of capital goods flowing one way and an unvarying stream of consumers' goods flowing the other. The capital goods exactly replace the goods destroyed in the course of production and the consumers' goods exactly remunerate the owners of land, workmen, and owners of capital goods for the productive services which they or their possessions have rendered.

For other examples of economic organization see:

"The Life of Paleolithic Man," page 46.

"The Life of the Neolithic Iroquois," page 53.

"The Economic Organization of the English Medieval Manor," page 60.

CHAPTER II

THE EMERGENCE OF THE MODERN ORDER

Purposes of this chapter:

1. To continue our comparative study of economic organization in order to secure a background against which to depict the modern order.
2. To understand the relatively simple economic organization of primitive peoples in order to observe understandingly the evolution which has occurred.
3. To examine the economic organization of the medieval England from which our own economic order has been so directly derived.
4. To visualize the main stages in the development of our economic organization from this medieval organization.

The structure and functioning of earlier types of economic organization are here considered primarily in order to furnish a comparative basis for the study of our present industrial society. This comparative study will be so organized as to give us an understanding of the outstanding features and forces connected with the emergence of the modern order.

The method followed may be said to be a series of snapshots. In the first snapshot Neanderthal man (who lived more than 50,000 years ago) is taken as a type case showing economic activities of primitive man. Allowing 40,000 years to go by, we then take a snapshot of Neolithic man. Letting another 10,000 years go by, we survey the economic activities of the people of the medieval English manor. Then we examine the significant features and forces connected with the transition from medieval economic living to modern economic living.

In a rapid survey we cannot hope to canvass all or even a large portion of the factual material of a given economic order. We must select our factual material for the particular purpose in view. We shall be interested primarily in the structure and functioning of the economic organizations which we examine. We shall be particularly

interested in the devices and institutions which were the germs of present institutions; or, on the other hand, in those which, by contrast, will serve as a foil better to display present features.

The economic organization of primitive man will be treated only in sufficient detail to give us a means of measuring the economic advances which man has made since those days.

The economic organization of the English medieval manor deserves greater attention both because it is an excellent illustration of pre-capitalistic economy and also because our own economy is derived so directly from it. This manorial economy was relatively static. There were, nevertheless, many quiet forces making steadily for change—making for the breakdown of custom and the introduction of a competitive, capitalistic régime. Particularly worthy of mention are the rise of towns, the development of trade and manufacture, and the tendency toward gain-motivated agriculture. A series of historical events—commonly said to signalize the opening of the modern era—gave these forces great impetus. In this connection there will occur to everyone such events as the discovery of new lands and the opening of colonies; the invention of gunpowder and printing; the intellectual ferment of the reformation and the renaissance; the rise of national states out of the wreckage of feudalism. From the opening of the modern era to 1750 was a period of readjustment and preparation. As someone has said, it was the period during which the powder was accumulated which was touched off by the coming of the power-driven machine. The resulting explosion has greatly changed the topography of our society.

It will serve our purposes to sketch this period of some 600 years of development under these captions: "The Economic Organization of the English Medieval Manor"; "Preview of the Content of Capitalism"; "The Medieval Towns and Gilds"; "The Development of Trade and Commerce"; "The Domestic System, Especially as Seen in the Woolen Industry"; "The Industrial Revolution, the Current Phase of Capitalism"; "Social Control of Industrial Activity."

A. The Economic Organization of Primitive Man

In the interests of brevity the discussion of the economic organization of primitive man is confined to two illustrations, one taken from Paleolithic times and the other taken from Neolithic times.

Neanderthal man is used as the example of Paleolithic man—one who was near the beginning of man's ability to harness nature. Almost without tools, he was a mere "collector" or appropriator of goods spontaneously supplied by nature. A survey of the meager facts of his economic organization gives us a point of departure for a study of man's later advances.

By the time of Neolithic man our race had seven great powers or abilities. Three of them were, so to speak, within man himself. The first was his *ability to stand erect*, which, of course, he had had for many thousands of years. This gave him a command over the use of the levers of his body (after all, our bones are levers of a sort)—a command such as no other animal possessed, and accordingly man had power to do things no other animal could do. The second was the fact that the thumb was so placed on his hand that he had *ability to use his hand as a grasping device*. This, few other animals are able to do, and none of them has the thumb as well placed as man. This ability counts for a great deal when it is a matter of making and using tools. It largely explains, too, the shapes and forms of man's tools. The third was his *power of thinking and planning*, in which he greatly excels all other animals. This was partly the result of his having developed the power of speech.

Out of these three great abilities there grew four other abilities. They were, first, his *ability to make fire*, and quite early he learned how to make fire at will; second, his *ability to make and use tools*, and even Neanderthal man had crude tools; third his *ability to command animal life* through the domestication of animals; and fourth, his *ability to command plant life* through agriculture. The third and fourth stages had been reached by the time of Neolithic man.

All of man's later progress rests on these seven great foundation stones.

Certain issues¹ may well be kept in mind while reading the following selections:

1. Was there (a) production of economic goods, (b) co-ordination of specialists, (c) social control in Paleolithic times? In Neolithic times?

¹A more detailed statement of issues may be found in *Outlines of the Economic Order*, pages 11-14. (The University of Chicago Press.)

2. Wherein and especially why was the living of primitive man more meager than our own living?
3. To what extent had the essential framework of our modern culture been worked out by Neolithic times? What do we "owe" to Neolithic man?
4. What evidence is there that economic organization grows through the accumulation of devices and techniques?

1. THE LIFE OF PALEOLITHIC MAN^{1a}

Let us suppose that it is night, and that we have reached, under the cover of darkness, a haunt of primeval savages.

The human creatures differ in aspect from the generality of men, women, and children of the present day; they are somewhat shorter in stature, bigger in belly, broader in the back, and less upright. They have but little calf to the legs. The females are considerably shorter than the males; they bear children in their early youth, and cease to grow. All are naked, or only slightly protected with ill-dried skins. They are much more hairy than human creatures of the present time, especially the old males and the children. The heads are long and flat, and the features perhaps somewhat unpleasing. The foreheads recede, the large, bushy, red eyebrows meet over the nose, the brows are heavy and deeply overshadow the eyes beneath. The noses are large and flat, with big nostrils. The teeth project slightly in a muzzle-like fashion; the lower jaws are massive and powerful, and the chins slightly recede. The ears are slightly pointed, and generally without lobes at the base.

The human creatures are seen to be exchanging ideas by sounds and signs,—not by true speech; by chattering, jabbering, shouting, howling, yelling, and by monosyllabic spluttering, sometimes by hilarious shouting (not true laughter), stentorian barking or screaming, or by the production of semi-musical cadences. They are also expressing their thoughts by movements of the eyes, eyelids, and mouth, by grimacing and by gestures made by body, arms, and legs. The men and women have gestures and sounds sufficient for their wants.

Primeval man had no domestic or friendly lower animals as com-

^{1a} Adapted by permission from W. G. Smith, *Man the Primeval Savage*, pp. 48-59. (London: E. Stanford, Ltd., 1894.)

panions; the men had not even tamed each other; the men of old were one with other animals.

Some of the habits of primeval man would be startling to us now. The men lived in companies, and were consequently clannish. Visits from strangers would no doubt be resented; strange visitors would probably run great risk of being knocked on the head. Infanticide was probably common. Too many children would not be wanted, and many more must have been born than could by any possibility subsist or be looked after. All weakly, fretful or deformed infants would probably be killed, laid aside, or thrown away.

Females, being weaker than males, would be more often killed, and so at times become temporarily scarce in some haunts. Sometimes companies of strong males, armed with clubs and weapons of flint, would go to the haunts of strangers and capture females by force. Raids of this class would lead to terrific battles, and the older and weaker males would be killed, the strongest, best made, and most agile alone would escape and survive.

The primeval men and women would work as well as play. They would continually look after fuel to keep up the fires. All fallen branches and dry vegetable material would be carefully gathered together. The younger and stronger men and women would hack and break off branches. The older people, who were not strong enough to hack and break, would be made to carry the branches and sticks in their arms. Some of the larger branches would be used for building shelters, sties, hovels, or dens.

Stone-implement making would be a great industry. The old males and females, aided by children, would be despatched to look after suitable blocks of flint, to push such flints out of the chalk, stiff clay, or earth with sticks, and bring them to the human haunt. There, by the fireside, the more skilled and light-handed human creatures would, with anvil, hammer, and punch stones, fabricate pointed stone weapons and keen-edged oval choppers and knives.

Dead examples of wild horses and wild oxen would be sometimes skinned, and the skins used as wrappers by the more powerful males and their favourite females. The preparation of the skins could only have been undertaken by the more intelligent men and women. The inside of each skin would be well scraped free of superfluous flesh with

trimmed flints, and then strained, and pulled and pegged flat on the grass, and dried in the rays of the sun.

Primeval man is commonly described as a hunter of the great hairy mammoth, of the bear and the lion, but it is in the highest degree improbable that the human savage ever hunted animals much larger than the hare, the rabbit, and the rat. Man was probably the hunted rather than the hunter. Outside the human haunt the men would see, hear, and dread the large carnivorous and herbivorous animals. The men would frequently find remains of oxen, horses, and deer naturally dead or newly killed, and only partially consumed by the lions, bears, hyaenas, and wolves. *s. s. nest*

The primeval savage was both herbivorous and carnivorous. He had for food hazel-nuts, beech-nuts, sweet chestnuts, earth-nuts, and acorns. He had crab-apples, wild pears, wild cherries, wild gooseberries, bullaces, sorbs, sloes, blackberries, yew-berries, hips and haws, watercress, fungi, the larger and softer leaf-buds. *Nostoc* (the vegetable substance called "fallen stars" by country-folk), the fleshy, juicy, asparagus-like rhizomes or subterranean stems of the *Labiate* and like plants, as well as other delicacies of the vegetable kingdom. He had birds' eggs, young birds, and the honey and honeycomb of wild bees. He had newts, snails, and frogs—the two latter delicacies are still highly esteemed in Normandy and Brittany. He had fish, dead and alive, and fresh-water mussels; he could easily catch fish with his hands, and paddle and dive for and trap them. By the seaside he would have fish, mollusca, and seaweed. He would have many of the larger birds and small mammals, which he could easily secure by throwing stones and sticks, or by setting simple snares. He would have the snake, the slow-worm, the crayfish. He would have various grubs and insects, the large larvae of beetles, and various caterpillars. The taste for caterpillars still survives in China, where they are sold in dried bundles in the markets. A chief and highly nourishing object of food would doubtlessly be bones smashed up into a stiff gritty paste.

A fact of great importance is this,—primeval man would not be particular about having his flesh food over-fresh. He would constantly find it in a dead state, and if semi-putrid he would relish it none the less,—the taste for high or half-putrid game still survives. If driven by hunger and hard pressed, he would perhaps sometimes eat his

weaker friends or children. The larger animals in a weak and dying state would no doubt be much sought for; when these were not forthcoming, dead and half-rotten examples would be made to suffice. An unpleasant odour would not be objected to; it is not objected to now in many Continental hotels.

Scouts would be sent out to search for dead and dying animals. When found, they would be carried to the human haunt; such as were too large would be hacked to pieces with stone tools and sticks, and the limbs taken home separately. The heads of animals would be hacked and torn off, the skulls split open with ponderous stone axes, and the soft and tasty brains eaten on the spot. The old people, being toothless or nearly so, would be glad of a meal of this kind; they would not be able to chew tough meat. The old men and women would pull out the larger bones from dead animals, smash off the knobby ends, push out the marrow with a stick on a large leaf, and eat it as one would now swallow an extra large oyster. The viscera of half-dead animals would be torn out and the warm blood sucked from the abdominal cavity. If other animals were not to hand, the brains, marrow, and blood of other human beings would doubtlessly be used as food.

✓ It would not be safe to take meals outside the human haunt; the scouts would drag stores of animal food to the camping-place. Here, seated round blazing fires, the primeval savages would eat their meat, vegetables, and fruit. As the men possessed no pots, they would walk to the nearest brook for water wherewith to quench their thirst; the primeval men would indeed always live close to a water supply. If they possessed vessels for holding liquids, such vessels might be bladders or stomachs, or rude blocks of wood hollowed out with flint tools into bowl shape. Broken and trimmed skulls would be used as vessels; human skulls, with the face and occipital bones broken off, would make good drinking-bowls. From such vessels water, blood, or blood and water, would be quaffed.

The savages sat huddled close together round their fires with fruits, bones, and half-putrid flesh. We can imagine these men of old twitching the skin of their shoulders, brows, and muzzles, as they were annoyed or bitten by flies or other insects. We can imagine the large human nostrils, indicative of keen scent, giving rapidly repeated sniffs at the foul meat before it was consumed; the bad odour of the meat,

and the various other disgusting odours belonging to a haunt of savages, being not in the least disapproved. In those times the olfactory nerves had not been injured by tobacco and snuff. We can imagine the dirty mouths frothing with excitement and epicurean delight, and the display of canine teeth as the savoury morsels brought home for consumption were quickly eaten. Then, as now, quarrels would sometimes arise over meals. Some one would snatch away a nice piece of liver from some one else, or some old man would take away a bone from a child, or some cause of disagreement would arise, and a horrible noisy fight would certainly ensue.

Man at that time was not a *degraded* animal, for he had never been higher, he was therefore an exalted animal, and, low as we esteem him now, he yet represented the highest stage of development of the animal kingdom of his time.

See also:

- “The Newness of Present-Day Living,” page 248.
- “A Synopsis of Economic Development,” pages 254–55.
- “The Processes of Social Change,” page 256.
- “The Meaning of Human Evolution,” page 266.

2. WHEREIN NEOLITHIC CULTURE EXCELLED PALEOLITHIC CULTURE²

What, it is natural to ask, makes the Early Neolithic Age really Neolithic—what in fact separates it from the Paleolithic? It is a cluster of traits; a cluster that grew as the Neolithic progressed; but every one of whose constituents was lacking from the Old Stone Age.

Outstanding in this cluster of cultural traits that mark the Neolithic is pottery. Wherever, in Europe and the Near East at least, there is universal agreement that a stage of development was Neolithic, pottery is present. And conversely, wherever pottery occurs, no one has yet doubted that a true Neolithic stage existed.

Second in importance is the bow, which in general appeared contemporaneously with pottery. The evidence for its existence is sometimes less clear. Pottery is imperishable and unmistakable. The bow and arrow, on the other hand, are made of materials that decay in a

² From pp. 410–14 of *Anthropology* (1923) by A. L. Kroeber, reprinted by permission of the publishers, Harcourt, Brace and Company, Inc.

few years, under ordinary conditions. Only the stone or bone point preserves, and this cannot always be distinguished with positiveness from the head of a light spear or even from a small knife blade.

These two culture elements, pottery and the bow, signalized an enormous advance over the past. Both required definite technical skill to manufacture. And both were of the greatest service. Whole lines of foods could now be utilized that had formerly been passed by: soups, stews, porridges. Plants whose seeds or parts before were inedible, or almost so, were added to the diet as soon as they could be boiled. The bow made possible long range fighting, the free pursuit of large game, and the capture of many small mammals and birds which previously it must have been difficult to take. The harpoon was developed chiefly for fishing. It would be of little help in killing birds, rabbits, and the like, or large and dangerous animals like wild cattle.

Hand in hand with the invention or rather introduction of the bow and pottery—it seems doubtful whether they were devised in Europe—went an increased employment of bone and horn tools at the expense of stone. A good working chisel, wedge, awl, or needle, must be smooth. This finish is difficult in chipped stone, but easily attained in bone or horn by rubbing. It was not therefore until stone grinding came into use in the later Neolithic, that bone and horn began to fall in significance as materials.

The first animal was also domesticated about the beginning of the Neolithic. Dog remains have been found in two very late post-Magdalenian Paleolithic sites, one in Scotland, the other in Denmark, both apparently Azilian in age. Then, the Danish kitchenmiddens, which began in the first stage of the Early Neolithic, contain innumerable bones that have been gnawed by dogs. The animals may still have been half wild at this period, since their own skeletons are rare in the middens. Evidently the species was not yet firmly attached to man; its members went off to die in solitude. This is what has generally been predicated on hypothetical grounds of the history of dog and man. Contrary to most domesticated animals, the dog is thought not to have been captured and tamed outright, but to have attached himself to human beings as a parasitic hanger-on, a shy, tolerated, uncared-for scavenger, living in a state of symbiotic relationship with our ancestors before his real domestication. This view the prehistoric evidence seems to confirm.

One more trait signalizes the Early Neolithic: the hewn stone ax. This was a chipped implement, straight or slightly convex along the cutting edge, tapering from that to the butt, about twice as long as broad, rather thick, unperforated and ungrooved; in fact perhaps often unhandled and driven by blows upon the butt: a sharp stone wedge as much as an ax, in short. The whole Paleolithic shows no such implement.

RECENT		MODERN RACES		IRON BRONZE FOLI EARLY-NEOLITHIC AZILIAN MASSALEMNAH SOUTHEAN AURIGIACIAN UPPER PALEOLITHIC	1,000AD 4,000BC 3,000BC 8,000BC 10,000BC
GLACIAL RETREAT	CRO-MAGNON BRÜNNY CRO-MAGNON GRIMALDI				25,000BC
WÜRM GLACIAL PERIOD	NEANDERTAL	MOUSTERIAN			50,000BC
THIRD INTER- GLACIAL PERIOD	PILTDOWN?		ACHEULEAN CHELLEAN EOLITHIC		100,000BC

PREHISTORY OF EUROPE

Equal lapses of time are indicated by equal vertical distances. The general acceleration of development is evident.

between 6000 and 5000 B.C. in western Europe, that is marked by the grinding or polishing of stone.

Much more important than the ground stone ax in its influence on life was the commencement, during the Neolithic, of two of the great fundamentals of our modern civilization: agriculture and domestic animals. These freed men from the buffetings of nature; made possible permanent habitation, the accumulation of food and wealth, and a heavier growth of population. Also, agriculture and animal breeding were evidently introduced only after numbers had reached a cer-

It is hardly necessary to repeat for the Neolithic what has already been said of the Paleolithic periods: the older types, such as chipped flint tools, continued very generally to be made. Such persistence is natural: a survival of a low type among higher ones does not mean much. It is the appearance of new and superior inventions that counts.

The Early Neolithic can be summed up, then, in these five traits: pottery; the bow and arrow; abundant use of bone and horn; the dog; and the hewn ax.

It is the later or full Neolithic, beginning probably

tain density. A sparse population, being able to subsist on wild products, tends to remain content with them. A fertile area with mild winters may support as high as one soul per square mile without improvement of the natural resources; in large forests, steppes, cold climates, and arid tracts, the territory needed for the subsistence of each head becomes larger in a hunting stage of existence.

The cultivated food plants of the European Neolithic were barley, wheat, and millet, pease, lentils, and somewhat later, beans and apples. All of these seem to derive from Mediterranean or west Asiatic sources. Of non-edible plants there was flax, which served textile purposes and involved loom weaving.

The species of domesticated animals numbered four, besides the dog: cattle, swine, sheep, and goats. The horse, cat, hen, duck, came into Europe during the metal ages, in part during the historic period.

3. THE LIFE OF THE NEOLITHIC IROQUOIS³

The main productive activities of the Iroquois were nut and fruit gathering, root grubbing, trapping, hunting, fishing, and agriculture.

The food supply upon which primitive domestic economists chiefly depend was not neglected by the Iroquois. Root-grubbing and nut and fruit gathering were a regular part of their yearly labor. These lines of production, however, were distinctly subsidiary to the serious business of hunting and trapping, inasmuch as the Iroquois, for a great part of their subsistence, depended upon the useful animals and birds of their immediate environment, and even far outside of their own boundaries. The chief animals of the chase were the deer and the bear; wild fowl and several varieties of small game, such as otters, martens, hares, and squirrels, were also hunted. The varieties of fish taken were many, ranging from the fresh water clam up to sturgeon large enough to be killed with a hatchet. The salmon and eel fisheries were the most productive.

Besides hunting and fishing, the Iroquois carried on another and more developed form of activity, namely, agriculture.

Maize, beans, pumpkins, and melons were the chief crops. The first two were sown in the same field, the stalks of the maize serving as supports for the bean vines. Pumpkins and melons were cultivated in

³ Adapted from S. H. Stites, *Economics of the Iroquois* (1905), pp. 20-82.

gardens by themselves. Sunflowers and tobacco were also grown to a limited extent. Throughout the summer, careful cultivation of these crops was kept up until finally, amid rejoicing and festivity, the harvest was gathered in and the agricultural labors of the year were ended.

It seems almost unnecessary to say that the whole population, men and women, had a share in production. There was, nevertheless, among the Iroquois, as among all primitive peoples, a sexual division of labor—that is to say, certain lines of production were pursued chiefly or entirely by the men; others by the women of the community. The Iroquois men occupied themselves mainly in hunting, fishing, trading, and making war; the women devoted themselves to agriculture, nut, fruit, and root gathering, and housekeeping. The work of manufacturing the means of production and articles of consumption, the men and women divided pretty evenly between them.

Undoubtedly there were occasional instances in Iroquois life in which production seems to have been a purely individual and domestic affair. Snaring deer and other game in summer, when the animals are not gregarious and therefore cannot be hunted by large parties, was naturally done by each man for himself. Even in the regular hunting season, small family parties might wander off in the woods by themselves. Here and there we find even isolated women, each cultivating her own little plot of ground. In spite of such occasional exceptions the clan system seems to have been pretty well developed among the Iroquois and Hurons.

As an organized body of workers, the women of each gens formed a distinct agricultural corporation. Mary Jemison, the white woman brought up by the Iroquois, gives a detailed account of their methods. "In order to expedite their business," she says, "and at the same time enjoy each others' company, they all work together in one field, or at whatever job they may have on hand. In the spring they choose an old active squaw to be their driver and overseer when at labor for the ensuing year. She accepts the honor, and they consider themselves bound to obey her." In the same way, other occupations which permitted of it were carried on by the women's clans, rather than by individuals working separately.

Turning now to the men's part in production, we find that they,

too, tended to work according to the co-operative plan. In the first place, the peaceful agricultural settlements needed constant protection from marauders; this was the primary reason for the existence of the men's clan, an organization further strengthened by never-ending offensive campaigns. In the second place, game was plentiful in the Iroquois country, and the region itself was a park-like one; hence co-operative hunting by large parties of men paid better than could have been the case among the Algonquins in the denser and colder forest of the North. As a consequence, the military clan was a necessity. The hunting clan, on the other hand, was a possibility, rendered practicable by the nature of the environment and by the fact that the Iroquois men were already organized for purposes of warfare.

Economic conditions led to the organization of the Iroquois into clans: for similar reasons these smaller bodies were at the same time united in one large body, namely, the tribe. The main motive for tribal organization was the necessity of defense. For this purpose, the tribe possessed the right to the services of all its male members.

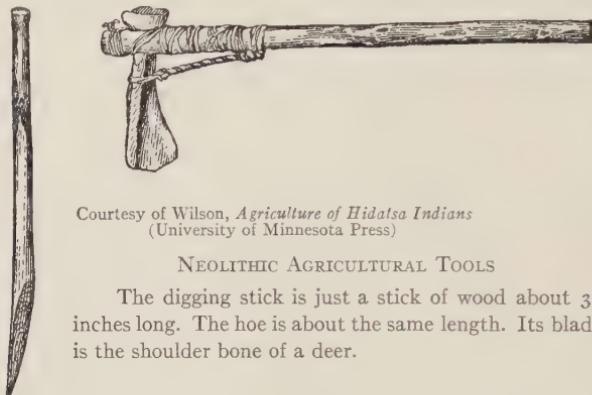
Their organization into a confederacy of tribes, though an affair of much later date, had similar reasons for being.

The wealth of the Iroquois, speaking from the concrete point of view, was a collection of economic goods procured from their environment chiefly by means of hunting, fishing, and agriculture. Of these commodities, a part was valuable as acquisitive capital, either in the obtaining of raw materials, or in working up the latter into finished articles. The nature of these production-goods was directly determined by the peculiarities of the Iroquois environment and by the different productive activities which called them into being. Thus since wood and bone were easy to obtain and to put into the desired shape, these materials were used whenever they could accomplish the purpose in view. Stone, on the other hand, was used only when necessary, as in the manufacture of axes.

Since the Iroquois had three chief means of production, they also had three special sets of primary production-goods; as, for instance, bows and arrows and traps for hunting, harpoons and nets for fishing, and rakes, digging sticks and hoes for field work. Secondary production-goods were also divided into classes corresponding to the needs of the industry in which they were employed. Thus one set of imple-

ments was used in the preparation of food, another in the manufacture of clothing, and a third in the business of transportation.

Consumption-goods—food, clothing and shelter—were all such as could be obtained by a hunting and fishing, and predominantly agricultural people, using the means of production described above. Maize preparations of various sorts were the staple food of the village, and made up the bulk of the stored surplus; but meats and fish were the chief food during the hunting and fishing season, and supplemented maize as a part of the stock laid up for future needs. Undoubtedly field produce formed the larger part of this portion of the wealth of the



Courtesy of Wilson, *Agriculture of Hidatsa Indians*
(University of Minnesota Press)

NEOLITHIC AGRICULTURAL TOOLS

The digging stick is just a stick of wood about 37 inches long. The hoe is about the same length. Its blade is the shoulder bone of a deer.

Iroquois, while the animal world supplied the material of which clothing was made. Dwellings were constructed of wood and bark; those used during the hunting season were small and portable, like the ordinary wigwam of the purely hunting tribe; those of the village, on the other hand, were of the sort characteristic of a settled agricultural people. In other words, the village dwellings were large and permanent houses, carefully built, and surrounded by a strong palisade.

The system according to which the wealth of the Iroquois was distributed was an exact reflexion of their system of organization for production. Looking from above downward, we find the Confederacy exercising a sort of general control over the whole territorial area occupied by the Iroquois tribes and over that of subject nations. In order to meet necessary expenses, the Confederacy also possessed a treasury of its own, filled by tributes exacted from dependent peoples,

and by gifts from the Iroquois tribes themselves. Within the area controlled by the Confederacy, each tribe also occupied its own territorial district, and possessed a treasury of its own, kept full of contributions from various sources. Presents from outsiders and from individual Iroquois who wished to gain influence over the tribe formed one source of supply: the gentes, however, were the chief contributors. The contents of the treasury consisted primarily of wampum.

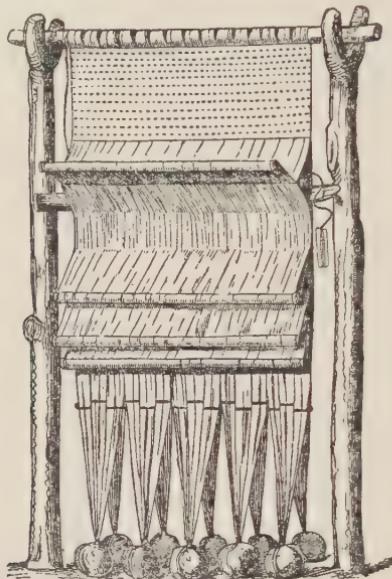
Within the tribal domain, every one had an equal right to hunting and fishing privileges and the use of land for cultivation. As regards game rights and fishing stations the distributive unit might be the individual father of each family, or it might be the men's clan, according as the productive organization was the family or the clan.

It seems clear that possessory rights to cultivated land within the tribal area belonged to the women's clan. Within the clan, land was divided among the different households according to their size. In case a family or household moved away to another village the land which its female members had previously been cultivating simply reverted to the clan, and was disposed of as its officials saw fit. The same general rule that governed the distribution of land and its produce, held good in the case of other immovable possessions,—such as houses. The latter were, in the last resort, the property of the women's clan. Only as a member of the organization did any woman have a right to a compartment in the Longhouse. Thus, while in the hunting season the men's clan tended to be the distributive unit, in the village, on the other hand, it was the women's organization which controlled the surplus and represented the owning class.

To the strength of the clan principle of distribution may also be ascribed the nature of the Iroquois laws of inheritance. Since the individual member of the women's clan possessed only the usufruct of lands, houses, etc., the organization would naturally be her heir. Generally, however, the clan found it convenient to act merely as administrator, giving to the daughter or nearest female relative of the deceased the vacant place in its ranks. Of the personal property of the dead woman,—the implements, cooking utensils, etc., a few were buried with her; the rest went also to her nearest relatives. Similarly, a man's personal property, his hunting and fishing implements, his clothing, etc., was inherited by the military clan to which he belonged,

and was generally given to his nearest male relative in that clan, i.e., to his sister's son or his brother. A man's own son belonged to another gens, and hence to another military clan; therefore, he could lay claim to none of the possessions of the deceased.

It seems impossible that under the communistic régime which has been described, any sort of division into classes of rich and poor could take place. In general, the evidence on the subject tends to substan-



Courtesy of Keller, *Lake Dwellings*
(Longman's, Green & Co.)

A NEOLITHIC LOOM



Courtesy of the Smithsonian Institution

MAKING AXES
AND ARROWHEADS

tiate this view. It was indeed quite possible for temporary differences in wealth to spring up between different households; for instance, one family might keep its field cleaner and in better condition than another, and so harvest a larger crop. As long as the other members of the clan had enough to live on, the more diligent might keep their own corn, and perhaps accumulate a large store, adding to it from year to year. This surplus could be expended in feasts, or traded off with foreign tribes for skins or wampum and slaves. Similarly, in the hunting clan, the actual slayer of an animal got the skin as a reward for this skill. Thus a good marksman might come to be the possessor of more

skins than the other men. Again, a band of victorious warriors was sometimes presented by the village with a large amount of wampum, which they would divide up among themselves. A skilful gambler, too, could often improve his worldly condition at the expense of his opponent. In many such ways one individual or household might become richer than others, possessing more wampum, clothing, and household furnishings, and entertaining more lavishly. Such differences in wealth, however, were merely temporary. About the only object in amassing a surplus was to give it away and so to gain prestige.

The monopolistic part in production played by the medicine men gave them a certain control over the surplus of the clan, which they were not slow to perceive. These people, both men and women, may sometimes have taken part in the productive activities of the clan, and have received their share of the produce; but the main part of their wealth they received in the form of a tax upon the surplus of others, rendered in return for the supposed services of the medicine man in controlling the forces of nature. The medicine man claimed to be able to cure diseases, to bring good or bad weather as he pleased, to make game plenty or scarce, to bring many fish up the streams or to hold them back, to blast or to foster the growth of corn. No wonder, then, that agriculturists and hunters paid him tribute, and were willing to support him, in order to enlist his valuable services on their side.

The distributive system naturally gave very little opportunity for the development of any system of internal trade: differences in environment and manner of life in different sections of the country, however, led to a certain amount of barter between the Iroquois and other tribes.

The methods by which the interchange of goods was accomplished were those now familiar to all students of primitive society. Among the Hurons, from early spring on through the summer, trading parties left the villages to scatter in every direction among the neighboring tribes. These parties might consist of one or two canoes each holding three or four men, or they might be a large fleet of boats, all travelling together, and filled with traders and their wares and provisions. The chief means employed to bring about the exchange of goods, was present-giving. According to savage custom, any gift outside of the clan involved another in return, and so the desired exchange was ef-

fected in the politest way. Thus embassies were often trading parties in disguise.

This sort of commerce was, as Lafitau says, "a pure barter of goods for goods." No middleman was necessary; there was no market, nor any association of sellers against buyers. There was perceptible, however, the faint beginnings of the development of a circulating medium. That the Indians in their use of wampum made an approach to the money ideas is attested by scores of passages from the writings of the early explorers and missionaries.

B. The Economic Organization of the English Medieval Manor

Between the time of European Neolithic man and the time of the medieval English manor are perhaps 10,000 years. Within this period took place the striking cultural developments of such regions as Egypt, Greece, and Rome. Much of this culture was lost, however, during the Dark Ages that followed the passing of the greatness that was Rome, with the result that the economic organization of the English medieval manor of, say, 1200 A.D. was not greatly in advance of that of Neolithic times, although it was, of course, different.

This manorial economy is worthy of study for many reasons. Upon the one hand, it is so different from the capitalistic economy of today that it serves as an excellent foil for our continuing comparative study. An appreciation of the relatively unchanging, static, customary, local, self-sufficing, subsistence economy of the manor contributes much to an appreciation of the rapidly changing, rational, exchange-operated, gain-motivated, world-wide, interdependent, pecuniary society of today. Upon the other hand, the fact that our American economic order is a lineal descendant of the English medieval manorial economy justifies our becoming well grounded in our understanding of this earlier economy so that we may have a basis for really seeing the emergence of the wage system, money economy, market economy, competition, contract, individual initiative, and the other manifold features of current economic life. If we can but catch the spirit of the thing, the study of the developing institutional life sketched in this chapter will be as the unfolding of a great drama—indeed that is precisely what it is.

The readings on the medieval manor will seem more vital if the following issues^{3a} are kept in mind:

1. From the point of view of producing goods with which to gratify wants, what are the outstanding differences between manorial economy and modern industrialism?
2. From the point of view of social control of its members, what are the outstanding differences between manorial economy and modern industrialism?
3. Imagine yourself living on a medieval manor. In what particulars would your life be ordered vastly differently from the life of to-day?
4. If the chief ends of manorial economy were (*a*) subsistence, (*b*) protection, and (*c*) social regulation, what changed conditions might usher in a *national* rather than this *local* economy?
5. What "germs" or "beginnings" can one find in the medieval manor of institutions or ways of living now current in our economic order?
6. What evidences can be found of the validity of this quotation: "Institutions rise to meet needs. With the removal of the need, institutions decay, but they also tend to persist beyond their proper time."

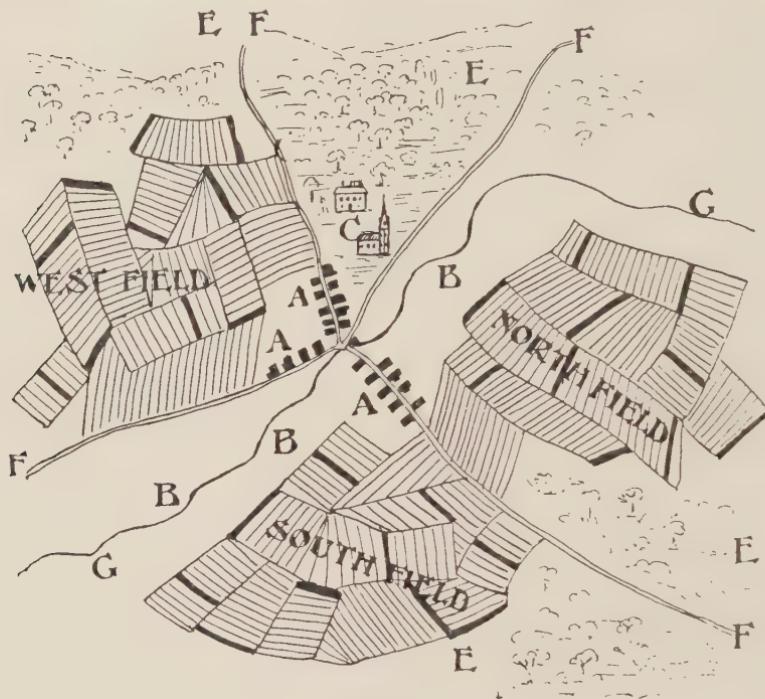
1. DESCRIPTION OF A MANOR⁴

Now, in these manors, the central feature would be the dwelling of the lord, or manor-house. It was substantially built and served as a court-house for the sittings of the *court baron* and the *court leet*. If the lord did not live in it, his bailiff did so, and perhaps the lord would come occasionally himself to hold these courts, or his bailiff might preside. Near the manor-house generally stood the church, often large for the size of the village, because the nave was frequently used as a town-hall for meetings or for markets. Then there would be the house of the priest, possibly in the demesne; and after these two the most important building was the mill, which, if there was a stream, would be placed on its banks in order to use the water-power. The rest of the

^{3a} A more detailed statement of issues may be found in *Outlines of the Economic Order*, pp. 14-18. (The University of Chicago Press.)

⁴ Adapted by permission from H. de B. Gibbins, *Industry in England*, pp. 80-85. (Methuen & Co., Ltd., 1896.)

tenants generally inhabited the principal street or road of the village, near the stream, if one ran through the place. The average population of an eleventh-century village must have been about 150 persons.



A DIAGRAM OF A MANOR*

Suggestion of village with three fields divided into furlongs and acres:
the 30 black acres represent one virgate

A. A. Tenants' messuages	E. E. Wood and rough pasture
B. B. Natural meadow	F. F. Roads
C. Hall and church	G. G. Stream

The houses of these villages were poor and dirty, not always made of stone, and never (till the fifteenth century) of brick, but built of posts wattled and plastered with clay or mud, with an upper story of poles reached by a ladder. The articles of furniture would be very coarse and few, being necessarily of home manufacture; a few rafters

* Taken by permission from Henry Allsopp, *An Introduction to English Industrial History*, opposite p. 1. (G. Bell & Sons, Ltd., 1912.)

or poles overhead, a bacon-rack, and agricultural tools being the most conspicuous objects. Chimneys were unknown, except in the manor-houses, and so too were windows, and the floor was of bare earth. Outside the door was the "mixen," a collection of every kind of manure and refuse, which must have rendered the village street alike unsavoury, unsightly, and unwholesome.

It is necessary to understand how the land was divided up. We may say that there were seven kinds of land altogether. (1) First came the lord's land round about the manor-house, the *demesne* land, which was strictly his own, and generally cultivated in early times by himself or his bailiff. All other land held by tenants was called *land in villenage*. (2) Next came the arable land of the village, held by the tenants in *common fields*. Now these fields were all divided up into many strips, and tenants held their strips generally in quite different places, all mixed up in any order. The lord and the parson might also have a few strips in these fields. There were at least three fields, in order to allow the rotation of crops. Each tenant held his strip only till harvest, after which all fences and divisions were taken away, and the cattle turned out to feed on the stubble. (3) Thirdly came the *common pasture*, for all the tenants. But each tenant was restricted or stinted in the number of cattle that he might pasture, lest he should put on too many, and thus not leave enough food for his neighbours' cattle. Sometimes, however, we find pasture without stint. (4) Then comes the *forest* or *woodland*, which belonged to the lord, who owned all the timber. But the tenants had rights, such as the right of lopping and topping certain trees, collecting fallen branches for fuel, and the right of "pannage," i.e., of turning cattle, especially swine, into the woods to pick up what food they could. (5) There was also in most manors what is called *waste*, i.e., uncultivated land, affording rough pasture, and on which the tenants had the right of cutting turf and bracken for fuel and fodder. Then near the stream there would be perhaps some (6) *meadow land*, but this generally belonged to the lord, who, if he let it out, always charged an extra rent (and often a very high one), for it was very valuable as affording a good supply of hay for the winter. Lastly, if the tenant could afford it and wanted to have other land besides the common fields, where he could let his cattle lie, or to cultivate the ground more carefully, he could occupy (7)

a *close*, or a portion of land specially marked off and let separately. The lord always had a close on his demesne, and the chief tenants would generally have one or two as well. The close land was of course rented more highly than land in the common fields.

Such, then, was the manorial village and the manorial system generally in the eleventh century, and thus it lasted for two or three centuries more. But in the course of time it died out, though survivals of it last even to our own day.

2. THE SOCIAL CLASSES OF THE VILL

Lord and tenants were not merely bound together by neighboring ownership on the common fields, but by dues and services which had to be rendered by the latter to the former, though they were graded according to the class and holding of the tenants, who by no means formed a homogeneous mass.⁵

Some of them were personally free; and these fell into several classes. Some, in return for their land, rendered dues of relatively small value, of the nature of a mere acknowledgment, as, for example, a pair of gloves, or a pound of wax or of pepper. Others, on the contrary, paid a not inconsiderable rent in money. Others again paid in military services, or were charged with the duty of representing the township before the royal courts. Still others rendered small services in addition to rents, due at times when more labor than usual was needed, i.e., at spring seed-time and in harvest. But very often the duties of free tenants consisted not of actual manual labor, but of superintendence.

The unfree population bore the main burden of the work to be done for the lord, which was, in the first place, agricultural labor, whether upon the home-farm or the lord's strips in the common fields, and secondly, carrying work. But the unfree tenants, again, were divided into various sections. There were the tenants of a normal holding, which consisted on an average of about thirty acres, and there were tenants of half-holdings of say fifteen acres. Tenants of the first class, the so-called "virgaters," worked about three days a week upon the demesne, with their teams, unless they were liable to do carrying

⁵ Adapted by permission from W. Hasbach, *A History of the English Agricultural Labourer*, pp. 5-11. (P. S. King & Son, 1894.)

services. Tenants of the second class, or half-virgaters, did correspondingly less. But it is not to be concluded that the holdings actually remained at this typical size. The lord allowed the virgates to be divided, in fact, so long as the dues and services customarily rendered by the theoretical unit were properly performed. It should also be noticed that the services due from the tenant might be done by a suitable proxy, whether the holding were free or unfree.

Other workers, doing less for the lord than virgaters or half-virgaters, were the "bordarii" and "cottarii," who held perhaps five to two acres of land. They worked, as a rule, only one day in the week, without teams, but with hands and tools.

Lastly, there were persons in the village owning house and garden only, who obviously must have worked for wages if they were to live. The greater number of them were the village artisans—smiths, masons, carpenters, and others. For the most part, they were descendants of villagers, free or unfree, who as the population increased had been unable to find either work or maintenance on the paternal acres, but had to remain in the village until some better opportunity of earning a living offered there or elsewhere.

But the freemen and villeins, at all events, were only bound by the custom of the manor to certain definite services: whereas some of the farm work needed uninterrupted attention. Hence we find on the home-farm a number of servants, from a technical point of view the successors of the slaves of earlier days. Their duties had almost exclusively to do with the live stock: they were shepherds, swineherds, foresters, dairy men and women, and also carters. They were drawn from among the villeins, and freed from the services due from them as tenants of land in villeinage so long as they were at work upon the demesne. The servants were paid in kind, chiefly by certain allowances of provisions and cloth.

Passing over the domestic servants, porters, cooks, butlers, and the like, we come to a fourth class in the manorial organization. This consisted of the persons who organized the work, supervised the laborers, noted the expenditure and receipts, kept the accounts, and so forth.

The outward similarity in the thirteenth century between the con-

dition of the small freeholders and that of the villains was very great.⁶ Side by side they often worked together on the lord's demesne, or performed the duties of the manorial court, or assisted each other in the cultivation of their own holdings. It is true that in most cases the services of the freeholders were lighter than those of the villains; sometimes, indeed, they performed none at all, but very often the labor supplied and the dues paid by the members of the two classes differed neither in quantity nor quality, so that to distinguish the status of these sons of toil, whose lives ran so nearly in the same channel, was no easy matter. And yet a difference of condition there was: The essence of villain status consisted in the subjection of the person and the personality of the villain to the uncertain will of his lord, a subjection that manifested itself in three ways.

First, the villain was bound to remain on the manor till his lord consented to his departure.

Second, he was bound to render service to his lord in the manner and to the amount that his lord should command.

Third, he was bound to surrender to his lord any or all of his personality, if his lord saw fit to seize it.

Of the three obligations perhaps the most important was the villain's obligation to remain on the manor. He was *adscriptus glebae*, bound to the soil. It does not seem, however, to have been very difficult in the latter part of the thirteenth century for a villain to obtain the necessary permission if he wished to go away. A small payment, known as "chivage" or "head-money" would suffice to secure the lord's consent. The pettiness of the sums paid as chivage shows that as a rule the restrictions imposed by his status on the villain's freedom of movement were almost nominal; the real restriction at that time was of an economic nature and consisted in a lack of demand for his labor elsewhere.

As to the third of the villain's obligations, in relation to all men except his lord he was treated as if he were free; in actions concerning his possessions third persons had to deal with him as if he were the owner of them. But according to the law of the realm he had no property rights whatsoever that his lord was bound to respect. Whatever

⁶ Adapted by permission from T. W. Page, "The End of Villainage in England," *Publications of the American Economic Association*, 3d Ser., Vol. I (1900), 298-314.

the villain possessed belonged to his lord; whatever he produced or acquired he produced or acquired for his lord, provided that his lord chose to seize it. If the villain by any means came into possession of a freehold, it might be seized by his lord; if he received chattels through purchase, gift, or bequest, his lord might claim them as his own. If the villain squandered or alienated his goods and chattels without permission, he was liable to punishment on the ground that he was wasting his lord's property. Such was the law; but in practice we find the villains buying and selling, holding and enjoying the goods of this world with little interference on the part of their lords. Some of them even acquired considerable wealth, as is shown by their being able to purchase from their lords important rights and exemptions, such as freedom from laboring on the demesne or freedom from suit of court or the lord's promise that they should not be compelled to take an undesirable holding. Had the practice conformed to law, the lord might have seized the purchase money without granting such privileges in return for it.

In reality the occasions on which a lord might seize his villain's goods were fixed on each manor by custom, a custom that was seldom transgressed. If the lord did transgress it, however, the villain had no legal remedy; so far as the king's courts were concerned he was utterly unprotected in the possession of his goods.

Now, although the customs of different manors were set at variance on many points, they were very generally in agreement as to the occasions when the lord might seize the villain's goods. It might be done, as one would naturally suppose, in the event of any grave violation of the custom by the villain himself, as, for example, his refusal to perform the labor he owed, or his denial that he was the lord's villain, or his continued absence from the manor without permission. But it was not left to the lord in such a case to determine whether the villain had failed in his duty; that was decided in the manorial court, where the villains themselves acted as judges and stated and interpreted the manorial custom. It was only after the lord had brought suit and obtained judgment that custom warranted him in depriving the villain of his goods for neglect of duty.

Now, the lord benefited little from the villain's presence on the manor, unless he received from him goods or labor. Since, then, the

occasions when he seized the villain's goods were few and fixed by a custom that he seldom ventured to transgress, *it is obvious that the institution of villainage was chiefly intended to insure an abundant supply of labor* for the cultivation of the demesne, labor that was regarded, however, only as a return for land assigned to the villain for his own use.

That tenure through which the lord derived the greater part of the labor he needed was known as Customary Tenure, Villain Tenure, or Tenure in Villainage, *in villenagio*. Other words were sometimes used. The tenant might be said to hold *native* or *in servitute* or *in bondagio*, but these seem all to have meant exactly the same thing. The essence of this tenure was that the tenant performed villain services; and the difference between these and the services of a freeholder consisted, as has been indicated above, not in their character nor in their amount—for the freeholders sometimes performed as much agricultural labor for the lord as the villains—but in their uncertainty. The typical tenant in villainage did not know in the evening what he would have to do in the morning; he might know the amount of labor that would be required of him, but he did not know how it would be applied.

In speaking of these predial services one thing should be especially emphasized: the amount of labor due from land held in villainage differed greatly on different manors. Why this should have been so it is often impossible to say with certainty. Greatly, however, as the custom of one manor varied from that of another in this regard, it was understood on each before the thirteenth century ended how much labor a villain holding land there should be called on to do.

Such was the nature of villain services in which the essence of villain tenure consisted. Following from their one-time uncertainty was a characteristic of the tenure of great practical importance: it was not protected in the king's court. To the freeholder the law of the realm afforded protection in the possession of his land; to the tenant in villainage, if he was ejected from his holding, whether he was a freeman or a villain, the law gave no redress. In fact, the tenure of customary land, as that held by villain tenure was called, was not so precarious as a mere statement of the law might lead us to suppose. Against all except the lord the tenant found protection in the manorial court. The

lords seldom exercised the right to eject their villains so long as the services were duly rendered and the tenements were not wasted.

It appears that the small holdings of the cotters did not usually consist of acre strips in the common field.⁷ They were "crofters and holders of plots," and had "a very important part to play in the economic life of the manor."

It seems probable that their position originated in three ways. First, manumitted slaves may have been established on small patches of land and more occasionally endowed with a few odd acres in the fields. Secondly, similar provision was made in all probability for the overflow of virgate households. Thirdly, it is likely that at the original settlement where the choice lay between enslaving conquered Welshmen and subjecting them to service and rent the latter alternative was preferred, but that they were not given full virgate holdings.

As regards their economic importance in the manorial system the following points should be noted: (1) Their dissociation from the scheme of co-operative ploughing on the demesne made their enfranchisement a matter of comparatively small moment to the manorial economy. In their position there was naturally an element of labour-fluidity, just as there was an element of labour-rigidity in the position of the virgaters. (2) It was impossible for them to live off their small plots and pay their rent and the money commutation of their labour services. Hence their class is the natural origin of three other classes whose importance increased as time went on: (a) agricultural wage labourers; (b) village artisans working for local demand; (c) manufacturers working for an extra-local market.

3. AN EXAMPLE OF MANORIAL DUES⁸

A. B. holds a virgate in villeinage (in Huntingdonshire):

By paying 12d. at Michaelmas.

By doing work from Michaelmas to Easter, with the exception of the fortnight after Christmas, viz., 2 days each week, with one man each day.

⁷ Taken by permission from H. O. Meredith, *Outlines of the Economic History of England*, pp. 38-39. (Sir Isaac Pitman & Sons, Ltd., 1908.)

⁸ Taken by permission from Frederic Seebohm, *The English Village Community*, pp. 42-44. (The Cambridge University Press, 1905.)

Item, he shall plough with his own plough one selion and a half on every Friday in the aforesaid time.

Item, he shall harrow the same day as much as he ploughed.

He shall do works from Easter to Pentecost 2 days each week, with one man each day.

And he shall plough one selion each Friday in the same time.

He shall do works from Pentecost till August 1, for three days each week with one man each day, either hoeing the corn, or mowing and lifting (*levand*).

He shall do works from August 1 till September 8, for 3 days each week, with two men each day.

He shall make one *love bonum* with all his family except his wife, finding his own food, and from September 8 to Michaelmas he works 3 days each week with one man each day.

He shall carry (with a horse or horses) as far as Bolnhurst, and from Bolnhurst to Torneye.

Also he gives $\frac{1}{2}$ bushel of corn as *bensed* in winter time.

Also 10 bushels of oats at Martinmas as *fodder-corn*.

Also 7d. as *loksilver*, that is for 2d. a loaf and 5 hens.

Also 1d. on Ash Wednesday, as *fispeni* (fishpenny).

Also 20 eggs at Easter.

Also 10 eggs at St. Botolph's Day (June 17).

Also in Easter week 2d. toward digging the vineyard.

Also in Pentecost week 1d. towards upholding the milldam (*stagnum*) of Newstone.

If he sell a bull calf he shall give the lord abbot 4d., and this according to custom.

He gives *merchetum* and *herietum* and is tallaged at Michaelmas according to the will of the said abbot.

He gives 2d. as *sumewode silver* at Christmas.

Of a Cotarius (also in Huntingdonshire) :

A. B. holds 1 acre at 12d., and works 4 days in autumn with one man.

He is tallaged *quando Rex talliat burgos suos*.

He gives *garshaves* each year for pigs killed and sold, viz., for a pig a year old, $\frac{1}{2}$ d.

And when there is pannage in the lord's wood he gives for a pig of a year old, 1d.

And if he keeps his pigs alive beyond a year, he gives nothing.

4. HOW THE VILLAINS BECAME FREE⁹

There were many ways in which the serf or villain could become a free man. He might be freed¹⁰ by his lord as an act of kindness or of gratitude for some service rendered; he might become free by running away to a town; or by purchasing his liberty; or by entering the ranks of the clergy—a method somewhat frequently used after the Black Death had greatly depleted the priesthood. More important, however, than all these was the method called "commutation of services." Oddly enough this method did not seem to lead to freedom at all, at least in the earlier days.

It will be remembered that the medieval villain owed certain services to his lord which were fairly burdensome, involving indeed about half his working time. As the use of money became more common, the villain often preferred to pay a sum of money to his lord instead of rendering these services. He used his time, which was thus set free, in working for others or in raising products for sale at the markets and fairs. This commutation of services was often as pleasing to the lord of the manor as it was to the villain. The lord frequently had need of money for use in a foreign war, such as the Hundred Years' War, or for use on such a pilgrimage as a crusade, or for living in town or at the king's court. The commutation of services did not in itself free the villain, but in course of time it became impossible to distinguish him from the freeman, since the freeman typically made money payments instead of rendering services. By 1450, perhaps half of the villains

⁹ From Marshall and Lyon, *Our Economic Organization* (1923), pp. 73-74. By permission of The Macmillan Company, publishers.

¹⁰ The following is an example of a grant of manumission: Be it manifest to all by these presents that we, brother Robert, Abbot of Stoneleigh, and the convent of the same place, have granted for us and our successors that Geoffery son of the late William Austyn of Wottonhull be free of his body with all his brood and his chattels hereafter forever; so that neither we nor our successors shall be able to demand or claim anything in him or his brood or his chattels, but by these presents we are wholly excluded. In witness whereof we have put our seal to these presents. Given at Stonle on Monday next after the feast of the Purification of the Blessed Virgin Mary in the eighth year of the reign of King Edward the third after the conquest.

had been freed by this method and certainly by 1600 serfdom was at an end. No laws were passed making the villains free; there was no emancipation proclamation. It simply became impossible to distinguish them from free men because their rights and duties were like those of free men.

The movement had been hastened by a great pestilence called the Black Death which swept over England about the middle of the fourteenth century and carried away nearly half of the entire population. This means such a great scarcity of labor that the villains, and indeed all other workers, were put in a strong position. The lords were so anxious to get help in the fields that a villain who ran away to another manor was likely to be treated as a free tenant, or to be hired at good wages by his new lord instead of being punished and sent back, as had formerly been his lot. One who chose to remain in his old home was likely to be able to arrange quite easily for a commutation of his services. Either course spelled freedom. It ought to be noticed, too, that the Black Death weakened the fixity and stability of the old system because of the mental agitation and turmoil and flight from plague-infested regions which attended the catastrophe.

5. THE ORGANIZATION AND CULTIVATION OF THE MANOR

The writer of *Fleta* describes each manor belonging to a great lord or corporation as managed by three officers—a steward, a bailiff, and a reeve.¹¹

The *steward*, or *seneschal*, was not strictly a manorial officer, but the lord's representative over a number of manors, and his chief duty, besides a general control of the bailiffs, was to hold the manorial courts. But in order to perform these administrative duties properly he must be acquainted with the condition of each manor. He should ascertain the customary services due from each tenant, find out if any has sold his holding without permission, and, if so, who was bailiff at the time and responsible. He should know the number of acres to be ploughed and the amount of seed necessary for sowing, lest his master be defrauded by "cheating reeves"; he should know also how many tenants' ploughs should help in tilling the demesne and how often they

¹¹ Adapted by permission from W. J. Ashley, *An Introduction to English Economic History and Theory: The Middle Ages*, pp. 9-13. (Longmans, Green, & Co., 1892.)

were to be furnished. Above all, he must watch the conduct of the bailiffs, to see that they do not abuse their power or injure their master's interests. It was doubtless only great proprietors who had stewards; the lord of a single manor, living in the village, could himself hold the courts and keep the bailiff in check.

The *bailiff* was the resident representative of the lord in the manor and was especially charged with the cultivation of the demesne. "The bailiff should rise early in the morning, and see that the plough-teams are yoked; and then he should walk round and inspect the tilled fields, woods, meadows, and pastures. Then he should visit the ploughs at their work, and take care that the oxen are not unyoked till a full day's work has been done." He is to direct the reaping, mowing, carting, and other work; to see that the land is properly marled and manured; to prevent the horses being overworked; and to watch the threshers in the barn.

The *reeve*, on the other hand, is represented as a sort of foreman of the villagers. He was to be chosen by the *villata*, or body of villeins, as the man best skilled in agriculture, and to be presented to the lord or his steward for his acceptance. Responsible to the lord for the due performance of the villein services, he was yet regarded as the representative of the villeins, and on their behalf he "kept a tally of the day-works, and reckoned them up with the bailiffs at the end of the week." He was to see that the demesne and villein ploughs were set to work early; that the land was properly sown, and not too lightly; and that it was well manured.

It may, indeed, be doubted whether the description in *Fleta* actually corresponded with the general practice—whether there were in fact both a bailiff and a reeve on every manor. It is more likely that this was a lawyer's generalization, never really true, or that, if it ever had been true, it was already, by the time the book was written, ceasing to be so. For certainly, at the beginning of the fourteenth century there seems to have been usually only one person superintending the cultivation of the manor, who was indifferently called reeve or bailiff. But this person clearly performed much the same duties as are ascribed to the bailiff in *Fleta*, so that we need not doubt the general correctness of the picture of co-operative agriculture there given to us.

Mediaeval tillage was co-operative in character, and all the principal operations of agriculture were carried on in common.¹² Indeed, the association of all the tenants in the open fields was rendered necessary, in any case, by the fact that a peasant would seldom possess sufficient oxen to do without his neighbours' assistance. Accordingly the villagers worked together, ploughing and reaping every strip as its turn came round. On the other hand, the produce of the strips went to the

individual owners, for rural life was only communistic in one direction. There was co-operation for purposes of production, but there was no communistic division of the produce and no general sharing out of the crops among those who had taken part in the work.

However the practice of strip-holding may have originated, there can be little question as to the inconvenience of a system of intermixed ownership. It was wasteful, unsystematic, and in every way bad economy. It is difficult to understand how a mediaeval farmer could attend to his land with efficiency when it was scattered over the



whole village area. Instead of a compact property he was responsible for a crowd of disjointed plots, and proper supervision became hopelessly impossible. Much valuable time was lost in moving about from one strip to another, and a careful farmer was also hampered by other difficulties. It was largely labour thrown away to clean the soil when he was at the mercy of unthrifty and careless neighbours, from whose untidy strips the wind readily carried the seed of thistles to his own. Time again was wasted in quarrels between the owners of coterminous strips over alleged encroachments on one another's land, for the grass balks were no barrier to trespassers. But the chief drawback of the

¹² Taken by permission from E. Lipson, *The Economic History of England: The Middle Ages*, pp. 66-69. (A. & C. Black, Ltd., 1915.)

common fields was that they bound the cultivator to a system of common tillage. The compulsory character of mediaeval husbandry affected all strip-holders alike, whether the lord of the manor, or the freeholder with rights pleadable in the king's courts, or the serf annexed to the soil. No one was free to manage his own land in his own way. The individual farmer was consciously subordinated to the general will, and private interests were sacrificed to the superior "weal"



PLOUGHMEN—"God Spede ye Plough, and send us Korne enow"

This illustration and that on page 74 taken by permission from Paul Lacroix, *Manners, Custom and Dress During the Middle Ages*. (Bickers & Son and Chapman & Hall.)

of the community. Every villager had a voice in the communal management of the whole village territory, but he was denied complete individual control over his own acres. Customary rules regulated primitive farming, and traditional practices became stereotyped. Agricultural operations and the concerns of agrarian life were determined upon by the community as a whole: the rotation of crops and the regulation of the ploughing, the sowing, and the reaping, the allotment of meadows and the treatment of the common waste, the rules for fencing and removal of hedges, the decisions as to rights of way over the "communal fields," and the maintenance of roads and paths. All this left little room for innovation or change, and the more enterprising

farmer, tied hand and foot by the tyranny of custom and his dependence upon his neighbours, was not allowed to use his land to the best advantage. The culture of open fields afforded no scope for the exercise of special skill and no opportunity to try experiments. The husbandman had to plough and reap at the appointed times and work in accordance with time-honoured principles, however obsolete and futile. The system of intermixed holdings and the practice of co-aration largely help to explain why mediaeval husbandry remained for centuries so backward.

On the other hand, it is fair to remark that mediaeval agriculture was not altogether without its compensations. It served at any rate to



MANORIAL WORKERS

Taken by permission from Paul Lacroix, *Manners, Custom and Dress During the Middle Ages*. (Bickers & Son and Chapman & Hall.)

prevent excessive negligence, for a definite standard of tillage could be maintained where every peasant worked under the eyes of his neighbours, and was subjected to the unremitting supervision of the manorial officials. Moreover, village life in the Middle Ages, in spite of a certain isolation and self-dependency, was much exposed to the disturbances of war. The tiller of the soil was often summoned away from the plough to meet his country's enemies, or to fight the king's quarrels with a turbulent nobility, and the fields were then abandoned to the care of those who remained at home. This would favour a system of joint husbandry and indeed render it an indispensable condition of tillage. But the real merit of the open-field system lay in the advantages it afforded to the small farmer and the rural labourer. Where the system of scattered ownership prevailed, every labourer enjoyed an opportunity to occupy a few acres of land and so attain

some degree of economic independence; every cottager could strive to improve his position, adding strip to strip as economy and thrift enlarged his scanty resources; while, above all, rights of common proved an invaluable provision for poor and struggling villagers. The result of the enclosing movement, on the other hand, was ultimately to divorce the labourer from ownership of the soil, to develop the growth of large farms, to accumulate land in the hands of the few, and to drive the rural population from the country into the towns.

6. CHARACTERISTICS OF THE MANORIAL GROUP

The fundamental characteristic of the manorial group, regarded from the economic point of view, was its *self-sufficiency*, its social *independence*.¹³ The introduction of new tenants from outside was indeed always possible, either to take the place of villeins who had died without children, or to occupy portions of the demesne or waste. But it was probably very rare; the same families tilled the village fields from father to son. Each manor had its own law courts for the maintenance of order. Then, as now, every village had its church; with this advantage or disadvantage, whichever it may be reckoned, as compared with modern times, that the priest did not belong to a different social class from his parishioners. Indeed, in perhaps one-half of the villages, he was as poor as most of them, so that he was glad enough to get a few acres and add to his income by joining in the common agriculture.

The village included men who carried on all the occupations and crafts necessary for everyday life. There was always a water mill or a windmill, which the tenants of the manor were bound to use, paying dues which formed a considerable fraction of the lord's income. Again and again we find the lord's servants seizing the handmills of which the tenants had dared to make use in detriment of his rights. For a long time the lords kept the mills in their own hands, under the care of bailiffs, making what profit they could thereby, but in the twelfth century it began to be the practice to let the mill to one of the villeins at an annual rent, or *ferm*. Many villages, though not all, had their own blacksmith and carpenter, who probably were at first communal offi-

¹³ Adapted by permission from W. J. Ashley, *An Introduction to English Economic History and Theory: The Middle Ages*, pp. 33-37. (Longmans, Green, & Co., 1892.)

cers, holding land on condition of repairing the ploughs of the demesne and of the villagers; though in the course of the thirteenth and fourteenth centuries this service also came to be commuted for money, and the craftsmen received pay for each piece of work. Another village officer, who sometimes appears as holding land in virtue of his high office, was the pounder.

The village "general shop" had not yet come into existence; in many places it did not appear until the present century; partly because many of the wants which it meets were not yet felt, partly because such wants as were felt were supplied either by journeys at long intervals to some distant fair or market, or by the labour of the family itself. The women wove rough linen and woolen cloth for clothing; the men tanned their own leather.

Thus the inhabitants of an average English village went on—year in, year out—with the same customary methods of cultivation, living on what they produced, and scarcely coming in contact with the outside world. The very existence of *towns*, indeed, implied that the purely agricultural districts produced more than they required for their own consumption; and corn and cattle were regularly sent, even to distant markets, by lords of manors and their bailiffs, in increasing quantities as the great lords or corporations came to desire money payments instead of payments in kind. But the other dealings of the villagers with the outside world were very few. First, there was the purchase of *salt*, an absolute necessity in the mediaeval world, when people lived on salted meat for five months in the year. The salt most commonly used came from the southern coast, especially the Cinque Ports, where it was made by the evaporation of sea water. The West of England drew large supplies from the salt-works at Droitwich, belonging to Worcester Priory. There was a large importation also of salt of a better quality from Guienne. Secondly, *iron* was continually needed for the ploughs and other farm implements. It was to be had both of home manufacture, especially from the weald of Sussex, and of foreign importation, chiefly from Spain; and it was bought at fairs and markets. It was the general practice for the bailiff to make large purchases of iron and keep it in stock, handing over to the blacksmith the necessary quantities as they were needed for the repair of the lord's ploughs. A further need was felt when, at the end of the thir-

teenth century, a fresh disease, the scab, appeared among the sheep, and *tar* became of great importance as a remedy. It was produced in Norway, and exported by the Hanse merchants from Bergen to the Norfolk ports. In years of murrain the cost incurred under this head was a considerable item in the bailiff's expenses. Perhaps the only other regular recurring need, which the village could not itself supply, was that of *millstones*. Of these the better qualities came from the neighborhood of Paris, and were brought to the ports on the Eastern and Southern coasts, whither we often find the bailiff or miller journeying to purchase them. The duty of assisting the bailiff in conveying the millstone from the neighboring town was sometimes an obligation weighing on all the tenants of a manor, free and villein alike.

Not only was the village group thus self-contained and complete within itself; the sense of unity was so strong that it was able to act as a corporate body. From early times the great lords, possessing manors at a distance which they could not easily inspect themselves or by their stewards, had let them for fourteen, twenty-one, or thirty-five years at a *ferm*, or fixed annual payment, to men who would take the place of the lord and try to make a profit. Now, we find many cases, even as early as 1183, in which the whole body of villeins, the *villata*, of particular manors made contracts with their lords identical with those which an individual *firmar* might have made, promising an annual sum and taking the management of the land into their own hands.

In this economic system we have many of the phenomena of commerce, such as weights and measures; the carriage of persons, news, and goods; hostelries; and the transference of goods and services.¹⁴ In all, however, there is lacking the characteristic feature of economic exchange, namely, the direct connection of each single service with its reciprocal service, and the freedom of action on the part of the individual units carrying on trade with one another.

One must not be led away from a proper conception of this economic system by the apparently extensive use of money. Exchange value exercised no deep or decisive influence on the internal economy of the separate household. The latter knew only production for its

¹⁴ Adapted by permission from Carl Bücher, *Industrial Evolution*, pp. 89-113. (Henry Holt & Co., 1901.)

own requirements; or, when such production fell short, the practice of making gifts with the expectation of receiving others in return, of borrowing needful articles and implements, and, if need be, of plundering. The development of hospitality, the legitimizing of begging, the union of nomadic life and early sea-trade with robbery, the extraordinary prevalence of raids on field and cattle among primitive agricultural peoples, are accordingly the usual concomitants of the independent household economy.

From what has been said it will be clear that under this method of satisfying needs the fundamental economic phenomena must be dissimilar to those of modern national economy. Wants, labour, production, means of production, product, stores for use, value in use, consumption—these few notions exhaust the circle of economic phenomena in the regular course of things. As there is no *social* division of labour, there are consequently no professional classes, no industrial establishments, no capital in the sense of a store of goods devoted to acquisitive purposes. Our classification of capital into business and trade capital, loan and consumption capital, is entirely excluded. If, conformably to widely accepted usage, the expression "capital" is restricted to means of production, then it must in any case be limited to tools and implements, the so-called fixed capital. In the regular course of affairs, moreover, there are no sale goods, no price, no circulation of commodities, no distribution of income, and, therefore no labour wages, no earnings of management, and no interest as particular varieties of income. Rent alone begins to differentiate itself from the (return from the) soil, still appearing, however, only in combination with other forms of income.

7. THE MANOR COMPARED WITH THE MODERN VILLAGE¹⁵

It is instructive to compare the village, as we have seen it, with the village of today.

I. In one respect there might seem to be a close resemblance. Then, as usually now, the village was made up of one street, with a row of houses on each side. But the inhabitants of the village street now are the labourers, the one or two village artisans—such as a tailor,

¹⁵ Taken by permission from W. J. Ashley, *An Introduction to English Economic History and Theory: The Middle Ages*, pp. 40–43. (Longmans, Green, & Co., 1892.)

a blacksmith, a saddler, a cobbler—and one or two small shopkeepers. The farmers live in separate homesteads among the fields they rent, and not in the village street. Then all the cultivators of the soil lived side by side.

II. Secondly, notice the difference as to the agricultural operations themselves. Now each farmer follows his own judgment in what he does. He sows each field with what he thinks fit, and when he sees fit, and chooses his own time for each of the agricultural operations. But the peasant farmer of the period we have been considering, and for long afterwards, was bound to take his share in a common system of cultivation, in which the time at which everything should be done and the way in which everything should be done were regulated by custom enforced by the manor courts.

III. A further difference is seen in the relations of lord and tenant as to the cultivation. Nowadays either the landlord does not himself farm any land in the parish, or, if he does, his management of it is as independent of the cultivation of any other land by any tenants he may have as that of his tenants is of his own farming. But then almost all the labour upon the demesne was furnished by the villein tenants, who contributed ploughs, oxen, and men for the bailiff's disposal. Long after commutation of services had largely taken place the lords retained the right to assistance in all the more important processes—ploughing, reaping, threshing, carting. And the demesne itself was often made up in great part of virgates in the common fields, so that the lord himself was bound to submit, so far as these were concerned, to the same rigid system of joint cultivation as was maintained by the rest of the members of the village community.

IV. Compare, finally, the classes in a manor with those in a village today. In a modern parish there will usually be a *squire*, some three or four *farmers*—all of them large farmers when compared with peasant holders—and beneath them a comparatively large number of agricultural *labourers*. Even when the agricultural labourer has a good garden or an allotment, there is still a great gulf between him and the farmer of a couple of hundred acres. But in the medieval manor, as we have seen, much the greater part of the land was cultivated by small holders. Between the lord of the manor and the villein tenants there was, indeed, a great gulf fixed—a gulf wider far than that be-

tween the farmer and the squire of today. And it was probably a hard matter for the cotter to rise to be a yardling. But, putting the lord on one side, there was nothing like that social separation between the various classes of actual cultivators that there is today. The yardling and cotter worked in the same way; their manner of life was the same; and in the system of joint cultivation and the life of the village street they were made to feel their common interests.

It may be well to notice the non-existence in the village group of certain elements which modern abstract economics is apt to take for granted. *Individual liberty*, in the sense in which we understand it, did not exist; consequently, there could be no such complete *competition* as we are wont to postulate. The payments made by the villeins are not *rents* in the abstract economist's sense, for the economist assumes competition, assumes that landlord and farmer are guided only by commercial principles; that there is an average rate of profit, which the farmer knows; that he will not take less and cannot get more. However the labour services came to be fixed, they were fixed in the eleventh century; they remained unchanged till they were commuted for money; and, once commuted, no increase took place in the money-rent. The chief thought of lord and tenant was not what the tenant could possibly afford, but what was customary. And, finally, there was as yet no *capital* in the modern sense. Of course there was capital in the sense in which the word is *defined* by the orthodox economists—"wealth appropriated to reproductive employment"; for the villeins had ploughs, harrows, oxen, horses.

C. Preview of the Content of Capitalism

An account of the emergence of the modern economic order is in essence an account of the coming in of capitalism. This being true, it will be helpful to have a general understanding of the meaning and content of capitalism so that we may know what to watch for as we study the transition to the modern order.

Capitalism is of course an ever changing concept and little would be gained by trying to define it in a precise way. It will serve our present purposes to tabulate its more significant features.

1. Modern capitalism is organized on the basis of the money economy. The occasional and incidental use of money goes far back

in human history, but only recently have we had a pecuniarily organized society in which money has become an important calculating device and in which command of funds means in effect command of social energy—command through exchange, through buying and selling in a market.

2. Modern capitalism is organized primarily on an individualistic basis, and one of its outstanding motivating forces is the gain spirit. That is to say, production for *profit-making* rather than for the direct subsistence of the producer is an outstanding feature. Present-day capitalism means individual initiative in gain-seeking, under—ideally, at least—competitive conditions.

3. Obviously, capitalistic production is so called on account of the important part played in it by *capital goods*. The progress of science and the application of science to the arts of life—technology—have vastly increased the amount of capital goods available for the use of man. Now of course the ownership of these capital goods might conceivably rest with the state, and that would be socialism. In our society, control of these goods is by “capitalists,” through private property rights. *Private property* is a basic assumption of the present order.

4. Production for gain means *production for a market*. Capitalism could not, accordingly, come into its own until large and accessible markets were available, and enlarging markets went hand in hand with capitalistic production, the one reacting upon the other. Markets may be said to have space area or time area or both. Good transportation and communication enlarge the space area; storage facilities and financial devices, such as credit, which reach out into the future, enlarge the time area. Present-day capitalistic society is a market society—an exchange society.

5. Capitalism of today means *certain things with respect to the worker*: (a) The worker secures his livelihood under a wage system. That is, he sells his services to another, who converts these services into, say, a commodity, and this commodity belongs to the person who has hired the laborer. In other words, the worker has been “divorced from the product.” (b) The worker has also been “divorced from his tools.” The tools—capital goods—belong to another, to his employer. Closely connected with this is the further fact that (c) the worker has

been "divorced from control of the conditions of work." "Conditions" is here a broad term, including methods of processing, supervision of technique, hours, sanitary conditions, etc. To be sure, the worker has something to say concerning certain phases of the conditions of his work, but the initiative usually rests with his employer. (d) Typically, labor today is group labor. It is performed under the conditions of the factory system.

The foregoing is by no means a full and adequate account of capitalism but, thumb-nail sketch that it is, it will serve to warn us what to watch for in our study of the remaining material in this chapter.

The following issues^{15a} should be kept in mind while reading the selections of this section:

1. What are the main outward manifestations of capitalism?
2. What are the significant elements in the spirit of capitalism? Whence came these elements?
3. What are the chief historical events connected with the coming in of capitalism?
4. Whence came the supplies of capital needed for the emergence of capitalism? Whence came the capitalists? Whence came the needed supplies of labor?
5. Why is the "rational" element so emphasized in the discussion of capitalism? What are the leading manifestations of this element?

1. SOMBART'S ANALYSIS OF CAPITALISM¹⁶

Sombart presents a most characteristic argument. (1) We must accept certain fundamental facts of economic evolution as historical accidents. In recent times the fundamental economic facts happened to fit well with the premises of capitalism—that is the basic reason why evolution followed the line marked out by the capitalistic idea. The facts in question are three: *a new type of man* assumed the direction of economic activities; *a new type of state* developed; *a new technique* came to dominate industry. (2) The conditions under which high capitalism was erected upon these foundations might have been

^{15a} A more detailed statement of issues may be found in *Outlines of the Economic Order*, pp. 19-22. (The University of Chicago Press.)

¹⁶ Adapted from Wesley C. Mitchell, "Sombart's Hochkapitalismus," *Quarterly Journal of Economics*, XLIII, No. 2 (February, 1929), 305-18. (Harvard University Press.)

such as to hinder the work. What capitalism needed for full development was (*a*) capital, (*b*) labor, (*c*) markets. These needs were met in optimal fashion. Again accident played a rôle, as in the discovery of great gold deposits, the rapid increase of population, the existence of virgin resources awaiting exploitation. But other favorable factors—increased productivity, the credit system, the “mobilizing of commodities”—were evoked by the primary forces themselves. (3) The capitalistic process, as it unfolded, forced developments in the direction which suited its spirit, by rationalizing economic activity.

This curious argument in the Preface controls the whole discussion. Book I, *The Foundations*, deals successively with the capitalist enterpriser, the modern state, and modern technique. Book II, *The Building*, deals with capital, labor, and markets. Book III, *The Process*, deals with the rationalizing of wants, of marketing, of production.

In Book I, *The Foundations*, Sombart assigns the leading rôle in the drama of high capitalism to the *business organizer*. It is he and he alone who furnishes the driving power. Whether primarily a captain of industry, a merchant, a financier, the business leader assigns all minor functions to others. He can buy routine intelligence and install it in his enterprise like a master clock. His operations are not bound by the limits of his own property, for he uses mainly the property of others. He is not hampered like his predecessors by regard for tradition or regard for religion. Desire of gain, a will to power, a drive toward activity inspire his restlessness.

The modern state represents the union of two incompatible principles—liberalism and the policy of power. (See page 95.—ED.)

Industrial technique is twin sister of natural science. Scientific discoveries give rise to inventions; inventions often lead to discoveries; frequently discoveries are inventions. Hence the stages in technical progress derive from the stages of scientific advance. The theoretical work of Galileo and Newton, of Euler, Maclaurin and Lagrange, of Poinsot and Robert Mayer laid the basis for three successive stages of applied mechanics. In chemistry, Lavoisier and Priestley laid the foundations; Wöhler and Liebig pushed into the organic field; Kekulé and van t'Hoff founded stereochemistry. Similarly in the electric field: Farady and Ampère established the basic conceptions; Gauss and Weber developed the theory of conduction, Maxwell and Herz the

theory of electrical waves. Our dynamos, telegraphs, and radios grew out of these successive achievements. Cosmical theory in the age of early capitalism was content with the traditional view of a craftsman God who made the world in six days, pronounced it good, and rested on the seventh day. Modern science conceives the universe as a system of relationships among electrical charges. Industrial technique likewise has moved out of the craftsman stage, trying (as Andrew Ure said a century ago) "to substitute mechanical science for hand skill." Science thinks the world a physico-chemical mechanism; industrial technique makes a world on this scientific model. Trade secrets jealously guarded give place to scientific publications; rules based upon experience give place to scientific laws which are demonstrated; so far as possible all operations are transferred from the variable personal factor to automatic mechanisms.

Book II, as said above, deals with capital, labor, and markets. Sombart defines *capital* as "those sums of exchange value which serve as the material basis for a capitalist enterprise." Capital comes into existence whenever money is used to establish or enlarge a business. The most conspicuous characteristic of our era is that it presented optimal conditions for the growth of capital. Large "savings" were made possible by the increase in production, by the exceedingly uneven distribution of wealth, and by the prevalent interest in accumulating. There were also strong inducements to invest these accumulations in business, thus converting potential into actual capital. Credit has contributed enormously to the growth of capital by the facilities it provides for making business use of scattered savings, by enabling the able business man to expand his operations far beyond the limits of his own fortune, by bringing "into commerce the present value of future profits," and by giving the whole business structure an extraordinary combination of intricate organization and flexibility.

Capital goods consist of the commodities in which capital "clothes itself" for a time. The problem concerning their origins is the problem of production. There are three ways in which production can be heightened, and high capitalism has made use of all three—more effective use of given resources, exploitation of new areas, drawing upon the past accumulations of nature. Most of all he emphasizes the extent to which high capitalism has flourished by robbing the soil, felling

the forests, and drawing lavishly upon irreplaceable mineral resources. The greater part of capital goods, at least in manufactures and transportation, represents not annual income but the consumption of man's natural patrimony.

Passing from capital to *labor*, Sombart attacks a similar problem: Whence came the labor power which high capitalism needed to handle the enormous flow of capital goods? Several sources were drawn upon. Capitalists stole savages and worked them as slaves. But that proved a dwindling resource. Far more important was the dissolution of the old rural and craft organizations in which and by which a large part of the European populations still lived in the age of early capitalism. But the richest source of labor power was the spontaneous growth in population. Never had the world known such an increase as appeared in the nineteenth century. The increase came not from a rise in birth rates, but from a fall in death rates. Hygiene and medicine made remarkable progress, but the chief credit must be assigned to the more abundant means of livelihood. In the last resort, capitalism itself produced the labor power it needed by filling the bellies of the multitude which had hungered.

The production of abundant labor power, however, merely provided a raw material, which high capitalism had to adapt to its exacting needs.

First, population had to be shifted about from the places where it was produced to the places where goods were to be handled. By the millions, families were shifted from country to city, from one country and from one continent to another. And beside these quasi-permanent shiftings, capitalism established a seasonal flow, which carried laborers hundreds or thousands of miles from winter tasks to summer tasks and back again.

Second, the workers had to be adapted to the technical requirements of capitalism. Sombart recalls the difficulties experienced by the early factory managers in teaching refractory human beings, accustomed to irregular paroxysms of labor, the sustained regularity of effort demanded by machine tending—difficulties half forgotten in Europe, but experienced afresh in each backward land invaded by the machine process. With characteristic rationality, it facilitated the task of adapting the workers to its needs by adapting its needs to the work-

ers. Splitting up its processes into numberless successive steps, it produced mass jobs of the simplest which required scarcely any training, and confined its demand for intelligence within limits which could be met. Recently it has begun to grade its human material, seeking to put every man into a job which suits his peculiar capacities.

~~Third, capitalism had to adjust labor to its economic needs—that is, to establish such a relationship between the total value of the product and total wage disbursements as meets its primary requirement of profits.~~

It remains to show how the third requirement of high capitalism—*markets*—has been met. Who bought the products turned out in such masses? Two sources of demand must be distinguished—the exogenous and endogenous—the demand from outside the capitalist system proper, and from inside the system.

Of the two, the exogenous demand is the older. Nascent capitalism sold its products mainly to people who were neither business enterprisers nor employees of business enterprises. And this demand has continued large. It includes landed proprietors, the world of high finance (brokers and speculators), governments of all grades, the population of the Balkan States, Russia, Asia, Africa and Latin America. In this class, too, Sombart reckons the agricultural and handicraft workers, whose practice of producing for themselves capitalism has broken down in large measure. Finally, he mentions the monetary demand arising from the production of gold, the issue of uncovered paper currency, and credits.

Endogenous demand embraces both the buying of consumers' goods by capitalist enterprisers and their employees, and the buying of industrial equipment by business concerns. High capitalism can really thrive on itself: as the classical economists claimed, each unit of its output constitutes a demand for other goods. It is forever creating a demand for its own products by altering its methods. Machines, factories, railways, ships, mines, electric installations—it needs such things without number. And its own personnel are fed, clothed, lodged, amused, more and more by what it makes and transports with its varied equipment.

Book III, The Process, is as long as Books I and II put together. It deals with the activities characteristic of high capitalism. The end

of these activities is to gain profits. The means employed to this end are contracts in terms of money concerning services to be rendered and received. Paradoxically, this scheme of organization, which does not aim at satisfying wants, nevertheless does provide for human wants incomparably better on the whole than any other scheme which men have tried. The reconciliation between making money and satisfying wants is effected by market prices. A price shows when a need is felt; it also shows the chance of profit and determines the capitalist enterpriser to make his contribution to the satisfying of needs. Hence, there are three "elements" in the capitalistic process: the need, the market, the business enterprise. To these elements correspond three sets of activities: consumption, circulation, and production.

After expounding abstractly the pure concepts of needs, markets and industry, Sombart turns to the types of motion characteristic of high capitalism. Competition is one type. It is treated with pregnant brevity. Second come "conjunctures." Whereas crises occurred frequently in pre-capitalistic and early-capitalistic times, business booms are peculiar to the later period. Third, high capitalism is characterized by a tendency toward increasing uniformity of its phenomena. It drills us all in a school which inculcates its own peculiar rationality. Absorbing the spirit of our institutions and coerced by the conditions these institutions create, we devote ourselves ever more uniformly to the one great aim of money making. In this preoccupation we make ever more rational use of ever more standardized means.

The business enterprise itself is becoming more and more rationalized and standardized in form and functioning. While individual ventures still constitute the majority of enterprises in every country, corporate organizations do most of the business. A network of varied relationships binds these legally separate entities to each other, making it possible to organize large, intricate and rapidly shifting undertakings in a fashion which combines close supervision in detail with centralized planning. On the industrial side, there has been achieved a remarkably varied adaptation of organization to the conditions of money making presented by different trades—specialization here, combination there, each in a bewildering array of forms, and each susceptible of union with the other. As for the internal organization of business enterprises, Sombart points out three closely related

developments. Business administration becomes more scientific; it becomes more objective and less personal; it becomes more intensive, speeding up the whole set of operations, utilizing more perfectly the materials, equipment and personnel at its disposal.

2. THE BACKGROUND OF THE DEVELOPMENT OF CAPITALISM¹⁷

The *increase of population* in Europe aided in the development of capitalism in that it facilitated securing the needed supply of labor; but the growth of population was not the crucial factor, as is shown by the fact that a similar growth in China in the same period did not there result in capitalism. Furthermore, the *influx of precious metals*, while it led to a price revolution in Europe and stimulated all those developments which were largely dependent upon a stock of cash, cannot properly be held to be a primary cause of the development of capitalism for it had no such effect upon India or Spain—the latter country being the one to which the metals from the New World first came. A more important matter was *geographical considerations* in that good deep water and ramifying river connections facilitated international trade, but even this consideration must not be too strongly emphasized for capitalism has not always emerged in regions of favorable geography. So also, the *military requirements* of the particular type for ready capital; and the owners of this capital were thus able to set terms which facilitated the development of the modern citizen class, the bourgeoisie. Worthy of mention also is the *demand for luxuries* by the royal courts and by wealthy persons, although this also cannot be listed as a critical cause of the development of capitalism.

In the last resort the factor which produced capitalism is the *rational permanent enterprise*, rational accounting, rational technology and rational law, but again not these alone. Necessary complementary factors were the rational spirit, the rationalization of the conduct of life in general, and a rationalistic economic ethic.

The most general presupposition for the existence of this present-day capitalism is that of rational capital accounting as the norm for all large industrial undertakings which are concerned with provision for everyday wants. Such accounting involves, again, *first*, the ap-

¹⁷ Adapted from M. Weber, "General Economic History," pp. 276-278 and *passim*. (Adelphi Company, 1927.)

propriation of all physical means of production—land, apparatus, machinery, tools, etc. as disposable property of autonomous private industrial enterprises. This is a phenomenon known only to our time, when the army alone forms a universal exception to it.

In the *second* place, it involves freedom of the market, that is, the absence of irrational limitations on trading in the market.

Third, capitalistic accounting presupposes rational technology, that is, one reduced to calculation to the largest possible degree, which implies mechanization. This applies to both production and commerce, the outlays for preparing as well as moving goods.

The *fourth* characteristic is that of calculable law. The capitalistic form of industrial organization, if it is to operate rationally, must be able to depend upon calculable adjudication and administration. Neither in the age of the Greek city-state (*polis*) nor in the patriarchal state of Asia nor in western countries down to the Stuarts was this condition fulfilled. The royal “cheap justice” with its remissions by royal grace introduced continual disturbances into the calculations of economic life.

The *fifth* feature is free labor. Persons must be present who are not only legally in the position but are also economically compelled, to sell their labor on the market without restriction. It is in contradiction to the essence of capitalism, and the development of capitalism is impossible, if such a propertyless stratum is absent, a class compelled to sell its labor services to live; and it is likewise impossible if only unfree labor is at hand.

The *sixth* and final condition is the commercialization of economic life. By this we mean the general use of commercial instruments to represent share rights in enterprise, and also in property ownership.

NOTE.—Mr. Hobson in his *Evolution of Modern Capitalism* presents the evolution of capitalism in somewhat different terms. As Hobson sees the matter the conditions of the intervention of capitalism may be summed up thus:

1. *The existence of considerable masses of accumulated wealth.*

—There was little opportunity in the Middle Ages for the craftsman to make more than a living out of his work. The early accumulations of wealth must, therefore, have come from land rents or from treas-

ure trove acquired through pillage or the discovery of mines. This was a necessary forerunner even of the colonial trade, which later became one of the most fertile sources of profit.

2. *The transfer of control of this wealth into the hands of a class of "business men."*—Originally surplus funds from whatever sources went to the church, the knightly orders, the nobles or to city funds. With the growth of the towns many of the nobles went there to live, bought city land, and often took up city occupations. To a greater extent the change came through the gradual transfer of control of both public, church and private property to the hired managers of various ranks such as rent-collectors and stewards, or to the public officials who were the agents of the city funds and estates. Another frequent source of change of control and even of ownership was the prosperous business of money-lending of the time.

3. *The use of the accumulated wealth to exploit a large, non-land-owning labor class.*—This possibility was found first in the colonial trade where the native labor on the natural resources was found to be an even greater source of profit than the discovery of the precious metals. Later the growth of population and the change of conditions of agriculture in Europe produced such a labor class there also.

4. *The development of the industrial arts.*—The conservatism of vested interests in the gild organizations of the medieval city did not conduce to any changes in industrial methods. Moreover, there was so small a market for any goods that labor-saving devices could not have seemed necessary. This may partly have accounted for the concentration of attention by the "science" of the time upon such problems as alchemy. At any rate there was no scientific foundation for the growth then of a technology such as developed later.

5. *The growth of the capitalistic spirit.*—Potential entrepreneurs of early days had little chance to develop their abilities or even to discover them. The class which could afford an education and could command capital, regarded all industrial occupations as degrading. The growth of a class of business men, mainly from the lower orders, the discovery and use of account-keeping, land surveying, and the adoption of modern forms of contract and use of weights and measures, brought about that change of spirit from interest in treasure hunting to interest in profit making which Sombart calls a change to "economic rationalism."

3. COMMERCIAL, FINANCIAL, AND INDUSTRIAL CAPITALISM¹⁸

Though the accumulation of capital is a necessary condition for the creation of a capitalistic society, the mere existence of capital is not enough to create such a society.

As regards the accumulation of capital, this took place mainly through the agency of commerce and particularly through commercial operations when carried forward on a large scale. Following the Crusades, trade with the Orient unloosed a stream of wealth toward the Western World, a stream which resulted in a capital accumulation of quite considerable proportions. The great Italian cities profited most from this trade; and this is why the first signs of a capitalistic organization appeared in the city-republics of the Italian peninsula.

But Italy could not keep this wealth for herself alone; and an international current of exchanges was established, notably toward the northwest of Europe. The effects of this new economic stimulus were soon felt in the Low Countries; and at an early date, therefore, evidence of a "nascent capitalism" appeared there. Quite naturally, also, strategic points on the principal trade routes of the time were marked by the great fairs, of which those of Champagne may be taken as typical. Next the great variety of coins led to the development of a special group of merchants and traders, who undertook the function of money changing. Out of their operations, in turn, came the beginnings of foreign exchange as we know it today. In its early form, the bill of exchange was the *lettre de foire*; but presently the modern bill of exchange was developed since it was necessary to provide not only for immediate settlements of accounts in cash, but also for settlements after a period of time had elapsed. Still more important, was the development of a system for the cancelling of debts by the device of transferring and cancelling such bills of exchange as fell due at the fairs. This device was a sort of clearing house operation.

Thus, commercial capitalism necessarily gave rise to financial capitalism; and this, in turn, contributed to the further accumulation of capital, by bringing about a more active circulation of goods and wealth. Then another element came into play, an element which Werner Sombart has brought to light very well: the great princely or monarchical states found their needs for money constantly increasing.

¹⁸ Adapted from H. See, *Modern Capitalism*, pp. 177-82. (Adelphi Co., 1928.)

Their borrowings enriched all who engaged in the money trade: tax collectors, lenders, and bankers alike. The birth of public credit seems to have contributed strongly to the development of the great financial houses, which appeared at the dawn of modern times.

The importance of exchange operations, and their steady increase soon obliged governments, if not the Church, to recognize the legitimacy of lending at interest—and lending at interest is, again, one of the essential foundation stones of modern capitalism. Then the transactions to which exchange operations gave rise in different places, with *rates* fixed in the fairs and the bourses, had the further result of bringing negotiable securities into general use. This development in turn brought a greater and greater mobility to economic affairs. Trading operations came to be less and less an exchange of actual merchandise than an exchange of the *abstract* representations of such goods as were evidenced by the corresponding papers or documents. This further development explains the constantly growing importance of speculative operations and even of gambling.

Thus it appears that capitalism first developed in its commercial form and then in its financial form. And, without doubt, such was, in fact, its origin.

Then, in the seventeenth century, came the rise of Holland as a great economic power. Her strength depended entirely on commercial and financial capitalism, and her supremacy was mainly the result of her success in maritime commerce and in the traffic in negotiable securities. But her decline is presaged by the beginning of the eighteenth century; for, of necessity, Holland was a commercial, not an industrial country. England and, in a certain measure, France, therefore usurped her place, because their exports were not limited to the products of agriculture alone but included also goods produced by manufacturing industry. The decline of Holland and the rise of England and France therefore mark the moment when commercial and financial capitalism begins to extend its sway over manufacturing industry.

This change marks the beginning of a revolution in the organization of industry, for manufacturing had long been in the hands of petty tradesmen possessing little, if any, capital. Manufacturing is gradually transformed into a great capitalistic industry. The first

stage of this evolution is marked by the supremacy of merchant business men whose efforts to increase their own profits led to efforts to control the rural and domestic industry. The craftsman in the countryside no longer maintained direct relations with his customers; it was the master-merchant who sought out distant markets and guided and "controlled" production. And to this specialized business man or man of affairs—and no longer to the craftsman—went the larger part of the profits.

Next this business man is transformed into a captain of industry. The forces making for a concentration of labor and machinery in a factory, as well as the machine process itself, had already reduced the workers to the condition of ordinary wage earners. Finally, industrial capitalism truly triumphs, when corporations—which at first had appeared only in a few industries where the equipment was particularly costly (mining enterprises, for example)—spread to all branches of manufacturing enterprise. But final victory must await improvement in the organization of credit and banking and still another new development: the revolution in the means of communication and transportation, made possible by the steam engine.

In a word, the essential characteristic of present day capitalistic society is that all three forms of capitalism—commercial capitalism, financial capitalism, industrial capitalism—now function concurrently. The latest to develop—the industrial form—has so greatly eclipsed the other two, in externals at least, that it has often been considered—*wrongly, however*—as the essential manifestation of capitalism.

4. THE STATE AND CAPITALISM¹⁹

[NOTE.—The author's statement of the ways in which the state hindered capitalism may be summarized as follows: (1) by taxes so heavy as seriously to reduce profits; (2) by mistaken commercial and industrial policies; (3) by attracting to itself large sums of capital for use especially in warlike undertakings. Money invested in profitable public loans was thereby withdrawn from enterprise; (4) by the traffic in public offices, whereby many became rich without need of fur-

¹⁹ Adapted by permission from Werner Sombart, *The Quintessence of Capitalism*, pp. 278–88. (E. P. Dutton & Co., 1915.)

ther exertion; (5) by its attitude of favoritism toward the nobility, who had no interest in commerce.]

When all is said, the advantages that the capitalist spirit enjoyed at the hands of the state in all manner of ways more than compensated for these obstacles.

In the first place, the state wished to help capitalism forward, and so adopted a number of regulations in its favor. Indeed, as we already know, the state was itself one of the earliest of capitalist undertakers and invariably continued to be one of the largest. In this way it set an example to private enterprise; it showed the way in all matters of capitalist organization, and it was educative in questions of commercial morality. By itself engaging in business the state removed the prejudice against "low callings" which prevailed in the precapitalist era; it raised the *artes sordidae* to the position of being activities fit for gentlemen.

But greater still was the indirect influence of the state, chiefly because of its particular economic policy. Let it not be forgotten that capitalist interests in the era of early capitalism were favored tremendously by the mercantile system. In accordance with the doctrines of mercantilism the state, as it were, almost led the private citizen by the hand in order to direct his activities into the channels of capitalist undertaking. It pushed him into capitalism; it held out good reasons for his remaining there.

Nor must we leave unmentioned the system of privileges by which the mercantile state favored such capitalist interest as already existed, nursed those that were about to take root, and planted new ones. In every case the underlying idea was the same—to stir up the spirit of enterprise by the inducement of material or other advantages. The privileges took different forms. Sometimes they were monopolies, negative privileges as it were, in that a monopoly for producing a particular article was granted, or a monopoly of trade, or again a monopoly in the means of communication. Sometimes they meted out special commercial advantages to their holders; sometimes, too, they were direct bounties.

Some branches of state activity influenced the growth of the capitalist spirit in a special degree. The first and foremost of these was the army. The growth of modern armies has brought two forces to

the fore—discipline on the one hand, and organizing talent on the other. The influence of standing armies on the capitalist spirit, so far as these two forces are concerned, is plain enough.

Next in importance to the military factor we must consider the finances of the state in their influence on the growth of capitalism. Once more the Jews are the pivot. The princes of modern times were wise enough to utilize for their needs the services of Jewish financiers. The financial system of states was not without effects in other directions too. In its earlier stages its very forms contributed something to the growth of capitalism. In short, public finance furnished the first instance of “applied housekeeping” on a large scale, just as the modern state was the first great “undertaking.” In both, therefore, capitalist ideas must have found a model. As for the public debts, we have in them the first instance of contracts on a large scale which affected larger groups than the clan or the social class, and which therefore looked to other moral forces for their recognition than were to be found in primitive communities. “Social” sanctions had to be created; all those forces on which capitalist intercourse rests—commercial morality, confidence and credit, acceptances in advance over a long period of time with the intention of honoring them. Nowhere did these forces show themselves so early, nowhere was there as much opportunity for their exercise as in the arrangements for the public debts of rising states and cities. But the public indebtedness had other influences also on the capitalist spirit. Speculation was early associated with it; we need only recall the South Sea Bubble in England or the John Law fiasco in France. These may have been swindles; nevertheless they were not without lessons for joint-stock enterprise in later times; and both would have been inconceivable without the peculiar and extensive growth of national debts.

Side by side with the army and the finances of the state we must place as the third great factor the state’s ecclesiastical policy. I refer to the creation by the state, chiefly through the institution of a national church, of the conception of the heretic or non-conformist as a social or political category. This sort of heresy, quite apart from its particular tenets, must be looked upon as an abundant wellspring of capitalism. The reason is clear: it brought economic interests to the fore and gave commercial ability a special chance. Is it not obvious

that the dissenters, excluded as they were from public life, could not but throw all their energies into economic activities? Only from this source could they hope to derive the means for winning for themselves respected positions in the body politic. On the other hand, it followed from their peculiar position as dissenters that their economic activities were hampered by all manner of difficulties. Hence there was a tendency for their economic capacities to be highly developed. For they could hope for commercial success only from the most scrupulous conscientiousness, the most careful calculations, and the utmost endeavors to meet the needs of their customers.

5. CALCULATION AND CAPITALISM²⁰

A great part of capitalist economy is taken up with the making of contracts and agreements concerning commodities and services that have a money value (as the purchase of the means of production, the sale of the finished products, the engaging of labor, and so forth). Moreover, the beginning and the end of capitalist economic activities is a sum of money. Consequently, calculation forms an important element in the capitalist spirit, and this was recognized quite early in the history of capitalism. By calculation I mean the tendency, the habit, perhaps more—the capacity to think of the universe in terms of figures, and to transform these figures into a well-knit system of income and expenditure.

The mechanism of calculation rests on two branches of study, commercial arithmetic and bookkeeping.

The cradle of commercial arithmetic was in Italy; or, to be more precise, in Florence. The appearance of Leonardo Pisano's *Liber Abaci*, in 1202, laid the foundations of correct calculation. But the foundations only, for the true art of calculating was learned but slowly. It was not until the thirteenth century that the Arabic numerals became acclimatized in Italy, and everyone can see how without them quick and exact calculation would be well-nigh impossible. Yet as late as 1299 the use of Arabic numerals was forbidden the brethren of the Calimala gild. But from the fourteenth century in Italy, and from the fifteenth and sixteenth in northern lands, the art of reckoning

²⁰ Adapted by permission from Werner Sombart, *The Quintessence of Capitalism*, pp. 125-29. (E. P. Dutton & Co., 1915.)

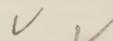
made swift progress. Calculations with figures supplanted the unwieldy method of calculating by tallies. Long before Tartaglia, the mathematical genius of the sixteenth century, who perfected the art of commercial arithmetic, a new kind of “total” calculation in respect of goods had become popular among Italian tradesmen. It was spoken of as the “welsh” (foreign) practice, and, indeed, its origin was in France and Germany, whence it had been brought to Italy at the beginning of the sixteenth century. Its first German exponent was Heinrich Grammateus, who set it forth in his *Arithmetic* (1518). In the fifteenth century the decimal fractions were “discovered,” and from 1585 they became more and more generally used through the influence of Simon Stevin. Furthermore, 1615 is the birth-year of the reckoning machine.

As books on arithmetic came to be increasingly printed, commercial arithmetic was gradually simplified. Then the arithmetic schools, which had been growing up since the fourteenth century, more especially in trading cities, helped to spread the knowledge far and wide. In the fourteenth century Florence (Florence again!) had six such schools, which, as Villani informs us, were regularly attended by 1,200 boys, who were taught “the abacus and the elements of commercial arithmetic.” Lübeck was the first town in Germany to have schools of this kind; in Hamburg the need for them arose about the year 1400.

The beginnings of well-ordered bookkeeping stretch back into the thirteenth century. The accounts of Pope Nicholas III, of the year 1279–80, and the expenditure book of the city of Florence, of the year 1303, alike bear witness to the fact that simple bookkeeping was practically perfected at that time. Nor was double entry of a much later date. It is doubtful whether it was being applied in the thirteenth century, but the researches of Cornelio Desimonis have proved that, anyhow in the year 1340, the government of the city of Genoa kept its books on a system of *partita doppia*, the perfection of which was so complete as to lead to the conclusion that it must have been pretty well established for a long time. Evidence of its use in the fifteenth century, both for private and public accounts, we possess in plenty. The completest and most instructive instance is the extant ledgers of Soranzo Brothers, of Venice (1406). The first theoretic treatise on

double entry was that of Fra Luca Paciuoli, in the ninth section of the first part of his *Summa arithmeticæ*.

Italy was first in the field as the land where commercial arithmetic was in vogue. Its place was taken by Holland in the succeeding centuries. England caught up the Netherlands in so far as this matter was concerned, and at the beginning of the nineteenth century German tradesmen pointed to England and Holland as the lands which had an advanced commercial education. In Germany itself Hamburg was pre-eminent in this respect.



6. THE COMPOSITION OF THE EARLY CAPITALIST CLASS²¹

Hitherto, capital had been the product either of mere thrift, or of the exploitation of land, or of a direct or indirect exchange of goods. It was based either on land, or on finance, or on trade. If we inquire who owned these various forms of capital before the end of the eighteenth century, we are brought face to face with three different types of men. First there were the owners of landed property, laymen or ecclesiastics. This was a numerous class of men. Then came the small group of dealers in money—changers, bankers and brokers. Finally there was the merchant class who, in their undertakings at home or abroad, whether individual or collective, often handled and accumulated considerable amounts of capital. Landowners, bankers, and merchants: apart from a few exceptions, every example of capitalism previous to the industrial revolution can be classified under one or other of these three heads.

By the end of the eighteenth century there was already a large number of important industrial establishments, mines, foundries, spinning and weaving mills, every one of which, with its costly equipment, its hundreds of workingmen and women, needed a large capital. The manufacturer now was so high above his workmen that he found himself on the same level as those other capitalists, the banker and the merchant. He had his own special work, which was to organize industrial production, and his own special interests, to the aid of which he very soon learnt to turn political power. With the factory system a new class, a new social type, came into being.

²¹ From pp. 374–86 of *The Industrial Revolution in the Eighteenth Century* (1927) by P. Mantoux, reprinted by permission of the publishers, Harcourt, Brace and Company, Inc.

What did this class consist of? It was certainly made up of very different elements. Like a newly discovered gold mine, the factory system attracted men from all over the country. Every man who owned some capital, however small, shopkeepers, carriers, innkeepers, all became cotton-spinners. A few were successful and made a fortune, but many failed, and either went back to their old trades, or else joined the growing throng of factory workers.

Such a transformation cannot be effected without difficulties. It comes about through a stern process of weeding out, which only allows the fittest to survive. To succeed, these village agriculturists, blacksmiths, weavers and barbers, who made up the first generation of great English manufacturers, must have possessed in a high degree, certain qualities fitting them for their new task, and these qualities, which they had in common, gave them a certain mutual likeness. Their distinguishing feature was not inventiveness, but a gift for turning other people's inventions to practical results. One might expect to find, in this first generation of great manufacturers, the men who by their inventions had started the industrial revolution. But nothing of the sort happened.

The manufacturer's distinctive quality was that of an organizer. He had first to raise the necessary capital, for men who had no need to borrow money, like Matthew Boulton or Roebuck, the sons of already wealthy manufacturers, were quite exceptional. But investors were not easy to find, especially at first, while machinery and factories were still looked upon unfavourably, as novelties with no certain future. Arkwright knew extremely well how to bring off these difficult negotiations: the reader will remember the successive partnerships on which he rose to fortune. Moreover, he did really give something in return for the money lent to him, namely his patents, the value of which soon became unquestionable. But those men who had neither patents nor capital were in a much worse position. They had to begin in a very small way, with no capital but their own savings. In the textile industry, these very modest beginnings were not at all uncommon. For they were made easy by the simplicity of the equipment then required. It cost very little to set up, in any house, a few mules or jennies worked by hand. The more elaborate machines, the water frames or power looms, came later, as soon as profits had made it possible.

And with those machines came water power or steam, the use of the heavy and highpower plant of the factory proper.

Once the problems of capital and plant had been solved, that of labour arose. How was it to be recruited and governed? Men used to working at home were generally not inclined to go to the factory. In the early days factory labour consisted of the most ill-assorted elements: country people driven from their villages by the growth of large estates, disbanded soldiers, paupers, the scum of every class and of every occupation. All these unskilled men, unused to collective work, had to be taught, trained, and above all disciplined, by the manufacturer. Hard-and-fast rules replaced the freedom of the small workshops. Work started, meals were eaten and work stopped at fixed hours, notified by the ringing of a bell. Within the factory each had his allotted place and his strictly defined and invariable duty. Every one had to work steadily and without stopping, under the vigilant eye of a foreman, who secured obedience by means of fines or dismissals, and sometimes by more brutal forms of coercion.

Lastly, the producer was brought face to face with a problem which the small manufacturer had hardly needed to consider at all: the problem of markets. The large-scale manufacturer could not, as his predecessor had done, take his goods for sale to the nearest town. The local demand was much too small, and even that of the entire home market was scarcely sufficient to absorb the ever-growing supply. If he was not a born trader, he had to become one, and learn how to extend his cōnections over the whole country, and beyond.

Thus the manufacturer, being at the same time a capitalist, a works manager and a merchant, set a new pattern of the complete business man. Often enough he was nothing else. Robert Owen, who knew the "cotton lords," as he called them, better than anyone, had no great opinion of their intelligence outside their particular sphere of activity.

7. THE CAPITALISTIC SPIRIT AND THE PROTESTANT ETHIC²²

Its central point is the ethical obligation to earn more and more money, at the same time avoiding all spontaneous enjoyment of life as positively wicked. It involves a highly rationalized disciplining of

²² Adapted from Talcott Parsons, "'Capitalism' in Recent German Literature: Sombart and Weber," *Journal of Political Economy*, XXXVII, No. 1 (February, 1929), 41-45.

one's whole life in the interests of this economic activity, which is thought of as an end in itself. Thus waste of time is on the same level with that of money as a sin against the discipline and self-control of a capitalistic existence. It is not, however, acquisition alone which is at the bottom of the thing, but acquisition is in turn the particular expression of another ideal, that of virtue and proficiency in one's "calling" or profession. It is the idea of duty in a calling which is the real kernel of capitalistic ethics. It is evident that this is not simply an ideal of cleverness in business, but it is a truly ethical conception.

The only possible source of capitalistic ethics Weber finds in Protestantism, particularly in the "ascetic" branches of the movement. It shares both the other-worldly interest in salvation and the doctrine of the sinfulness of this world with the Catholic faith. To both the "natural man" is sinful and both are thus fundamentally ascetic. But while Catholic asceticism took the form of outdoing worldly morality by complete withdrawal from the world, the Protestant considered it his duty to work in the world and to transform its order into rational activity in the service of God.

Protestantism favored discipline, orderliness, frugality, temperance, and condemned everything spontaneous and unsystematic. It thus favored the development of those uniformly regimented forms of life which are an ideal basis for the standardization of production and consumption so important for capitalism. Furthermore, it looked upon the individual, not as the owner of wealth, but as its trustee, which was a force greatly inhibiting spending and extravagance, and extraordinarily favorable to the accumulation of capital. It released acquisition from the bonds of traditional ethics and it looked upon it, not only as permissible, but as directly willed by God.

In Weber's view, the first important characteristic of the capitalistic system as a whole is its objectivity. The individual member of it does not need to will it, but is forced by the circumstances in which he is placed to abide by its rules.

And secondly it is a rational system, all activity being adjusted to the values expressed by the capitalistic spirit in a relatively exact adaptation of means to ends. This rationality is expressed in the extreme discipline and self-control of the whole life of every individual in it.

Thirdly, this rational, objective system is ascetic, which means

fundamentally that the individual's own good is not taken as a norm of action, but rather something beyond him. Originally it was the glory of God, but through the fading out of the religious background it becomes economic activity for its own sake, "productivity" and "service." At one end of the scale man is an instrument of God's will. At the other, man, entrepreneur and workman alike, is an instrument for the production of economic goods.

Fourthly, the system is mechanistic. Man becomes a specialist to such an extent that he is only one tiny cog in a great machine, and a cog for which any other similarly trained one might be substituted. Human relations become more and more matter-of-fact, impersonal, contractual. The system further resembles a mechanism in that it follows its own laws independently of human will.

See also:

"The Church and Its Teachings," page 217.

"Fair Dealing and Fair Price," page 228.

"The Development of Individualism," page 231.

D. The Medieval Towns and Gilds

Thus far we have surveyed the economic life of the English medieval manor—a non-capitalistic method of living—and we have secured a working knowledge of the essential characteristics of capitalism. We are now in a position to see these characteristics taking form as the centuries pass. Since these characteristics received their impetus mainly in the towns and in the midst of manufacture, trade, and commerce and took their present form in the heat and turmoil of the Industrial Revolution, we examine in turn the significance of the rise of towns and manufactures, the significance of the development of trade and commerce, and the part played by the Industrial Revolution, which, far from being a thing of the past, is really the current stage of capitalism. It will be recognized that this topical treatment of the unfolding drama is highly artificial and is justified only because it enables our discussion to proceed with some definiteness. The actual unfolding did not occur "topically"—of that we may be sure—and since it did not we must not permit this topical treatment to

conceal from us the complex interactions of the multitudinous forces and factors which participated in the drama.

Turning then to the rise of towns and manufactures: Perhaps 90 per cent of medieval life and living was under the manorial economy, with only 10 per cent in the towns. It was in the towns, however, that the forces making for the coming in of capitalism were at their height. The medieval towns have been called "isles of freedom in a sea of serfdom." Partly because this political freedom gave them greater opportunity to break away from the customary life of the time; partly because the town tended to be on a highway of commerce—often at a "break in transportation"—and hence a meeting-place of new ideas and conflicting customs; partly because town life was attractive to the royal court and the nobility; and partly for other reasons the towns became "centers of infection" with respect to the freedom of the individual and also the centers of manufacturing, trade, and commerce.

Of course the development of manufactures and the development of trade and commerce went hand in hand—they were indeed but two aspects of the same movement. It will facilitate our discussion, however, if we separate the treatment of manufacture from the treatment of trade and commerce. In this present section we are to examine the handicraft method of manufacture as it was worked out under the gild economy.

In reading of the gild economy, it will be helpful to have in mind the following issues:^{22a}

1. What are the outstanding features of (a) the production of goods, (b) the co-ordination of specialists, and (c) the social control of industrial activity under the gild system?
2. Wherein is the rise of towns and gild economy significant for the development of capitalism? What characteristic features of capitalism came in with them?
3. Wherein was handicraft manufacture (a) similar to, (b) dissimilar to, manufacture under modern industrialism?
4. Under what conditions was gild economy an effective economy? What conditions would make for its disappearance?

^{22a} A more detailed statement of issues may be found in *Outlines of the Economic Order*, pp. 23-26. (The University of Chicago Press.)

1. THE RISE AND THE SIGNIFICANCE OF TOWNS

A great many of the towns grew up under manorial patronage, so that their earlier history is really the story of a prosperous manor. Indeed, some of our most important towns, such as Sheffield and Manchester, grew up and flourished under this system.²³

The manor has been spoken of as a center of rural employment. Towns must be regarded as centers of trade and commerce, and any social gathering or settlement, affording opportunities for trade, supplied a nucleus which might sooner or later develop into a town. The introduction of Christianity, and the struggle with the Danes, each brought about social conditions which favoured their growth. Opportunities of trade were offered in Christian times at places of pilgrimage, especially on the days when the patron saint was commemorated, while the great Benedictine monasteries formed large establishments, which were often partially dependent on goods brought from a distance. Norwich and Canterbury, Bury, Reading, and Worcester are among the towns which have thus come into being under the shadow of a great abbey.

On the other hand, the forts, built by the Danes or erected by Edward the Elder and his sister, the Lady of Mercia, to hold the country against the Danes, were also centers of trade; and the growth of such towns as Leicester and Tamworth may perhaps be traced to these causes. But so soon as active contest with the Danes had abated, and they were adopted as a constituent element on English soil, the progress of the towns was rapid. The Danes were given to seamanship and trade, as the English had ceased to be. They brought England into intercourse with their own settlements on the Baltic, in Iceland, and in Ireland. They seem to have devoted themselves to industrial pursuits and to have furnished some common articles of trade. The importance of the Danish contribution to town life is seen in many ways.

While these influences made it possible for town life to arise, there were various physical conditions which rendered one point or another especially favourable for the new development. The English rivers offer facilities for carriage far into the country, and more than one town has arisen at the point where the tide served to bring the small sea-

²³ Adapted by permission from W. Cunningham and E. A. McArthur, *Outlines of English Industrial History*, pp. 46-49. (Macmillan Co., 1895.)

going vessels of early days. Perth and Stirling in Scotland, Ipswich, Norwich, and Chester may all be regarded as illustrations in point. In other cases the great Roman roads remained to offer facilities of communication; and new towns took their rise in the immediate neighborhood, or on the very sites, of the Roman ruins.

The rise of the towns was bound to change the conditions of life in the country districts.²⁴ The people there were freed from the necessity of devoting part of their time to work which they never did well; they could apply most of their energy to agriculture, and could use the surplus crop which they thus obtained for a profitable exchange with the artisans of the town. The growth of towns affected them in another way. In the purely manorial period a serf could not better his condition by running away; he had nowhere to go except to other manors like the one he had left, where his condition might be actually worse than before. In the towns, however, practically all the population were free; the artisans were numerous and intelligent enough to provide for their own protection, and did not need to subject themselves to a lord. The towns were islands of freedom in a sea of serfdom or of half-freedom. The custom established itself that a serf who could escape from his lord, and who lived a year and a day within the walls of a town, became a free man and could not be reduced to his former position. Landlords found that they must bid against the attractions of the town if they were to keep the laborers in the country, and agreed to lighten their burdens if they would stay. Many influences worked together, and the results were modified by many factors, especially of a political kind, in various countries, but the upward movement of the country population was general throughout western Europe. Freemen produced more than serfs, and this was another influence increasing the surplus of the country districts and furthering trade thereby.

In the Middle Ages industry and commerce played a subordinate part in the economic life of the English people.²⁵ The wealth of Eng-

²⁴ Adapted by permission from Clive Day, *A History of Commerce*, pp. 42-44. (Longmans, Green & Co., 1912.)

²⁵ Taken by permission from E. Lipson, *The Economic History of England: The Middle Ages*, pp. 163-64. (A. & C. Black, Ltd., 1915.)

land lay in her fields, not in her workshops or factories, and the great mass of the nation followed the plough and were tillers of the soil. The typical figures of mediaeval society were the knight and the husbandman rather than the artisan and the trader, and while many towns attained prosperity, the agricultural element was always present and often predominant. At the end of the thirteenth century half the inhabitants of Colchester had no other occupation than tillage, and everywhere the ordinary pursuits of urban life were made secondary to the more important needs of agriculture. At London the holding of the Husting court was suspended in the harvest, and a statute of 1388 laid down that all artificers of whose craft "a man hath no great need in harvest time shall be compelled to serve in harvest, to cut, gather, and bring in the corn." As late as the sixteenth century the weavers of Norwich were forbidden to work at their craft during the harvest month "for the relief and help of husbandry," since tillage was said to be "much decayed for want of labourers." The sharp cleavage between town and country, in some respects the most striking feature of modern economic conditions, is, in fact, the product of industrial forces which exerted but slight pressure in earlier times. For centuries English towns were scarcely more than large-sized villages, and their pre-eminence consisted chiefly in the fortified walls or mound, behind which the inhabitants found shelter and security; beyond these walls lay the broad acres and open fields, the meadows and pastures, that were part and parcel of the townsmen's heritage. In the map of the mediaeval borough and in the economy of the mediaeval burghers the town-fields occupied a place no less important than the restricted area where stood their houses and shops.

2. THE EMERGENCE OF THE GILD MERCHANT AND OF THE CRAFT GILD

We have seen that the chief functions of the gild merchant were to regulate the economic life of the town and to represent its members in dealings with other towns.²⁶ In regard to regulation, trade rather than production was the object. We do not find, on the other hand, those elaborate regulations of quality, process, and price which were

²⁶ Taken by permission from H. O. Meredith, *Outlines of the Economic History of England*, pp. 56-58. (Sir Isaac Pitman & Sons, Ltd., 1908.)

so important to the later craft gilds, and this distinction is a clue to the causes which promoted the change from one method of organization to another. The operative cause seems to have been a gradual widening of the market as the population of the towns increased and their trading area became larger.

I. If we go back for a moment to the village artisan we shall see that this single producer working for a small number of consumers will not need elaborate and defined rules, although his economic status may be strictly limited by custom. On the one hand, comparatively little of his time will be spent on turning out "graded" commodities in expectation of custom. For the most part he will work to order, and it will seldom happen that one order will be precisely identical with another. This by itself will make detailed regulation more difficult. More important, however, is the fact of his relation to the village. He has no body of fellow-workers with interests identical with his own but antagonistic to the rest of the world. If he scamps his work or extorts more than the customary fair price, he injures members of the class from whom his friends, if he have any, must inevitably be drawn.

II. As the village grows into the town, as population and the demand for specialized work increase, the situation gradually alters. Five or six smiths or carpenters may now be found working side by side at similar tasks, and as their number increases a double possibility of friction emerges. On the one hand, they may cheat one another; on the other, they may combine together against the general public. The development, however, of these difficulties will be slow, for the community will still be so small that each individual will feel the interests of the whole more strongly than the interests of his own trade. Still it will be convenient to take measures that no one of these craftsmen shall secure a monopoly of raw material, and therefore each shall have a right to share in a bargain made by another. Again, we will make the market as easily cognisable as may be to each of them and to the general public, and therefore we will forbid them to sell, except openly, will have their workshops all in one street, and assign a certain position to them in the market. We have reached, in fact, the stage at which the gild merchant is desirable and can still do all that is necessary.

III. But the numbers in each craft increase still more in spite of

progressive subdivision of labour. The individual is less and less well known to the majority of his customers. He may continue to sell directly to the consumer or to take his orders, but he meets him on a business footing. His friends are other men of his own calling.

**LIST OF CRAFT GUILDS
TAKING PART IN A
PLAY IN 1415**

Woollen-weavers; Plasterers; Armorers; Parchment Makers and Bookbinders; Chandlers; Spurriers and Lorimers; Barbers; Curriers; Pouchmakers, Bottlers, and Capmakers; Littesters; Tilemakers, Millers, Furriers, Hayresters, Bowlers; Winedrawers; Drapers; Linen-weavers; Innkeepers; Cardmakers; Glovers; Hosiers; Goldsmiths, Goldbeaters, and Moneyers; Vintners; Ironmongers; Spinners and Vestmakers; Bowyers and Fletchers; Cooks and Watercarriers; Shearmen; Carpenters; Brokers and Wool packers; Mercers; Fullers; Shipwrights; Spicers; Pewterers and Founders; (Formerly) The House of St. Leonard—(Now) Masons; Cutlers, Bladesmiths, Sheathers, Scalers, Bucklemakers, and Horners; Pinmakers, Latten-makers, and Painters; Scriveners, Illuminators, Pardoners, and Dubbers; Tanners; Coopers; Fishmongers and Mariners; Tilers; Marshalls; Girdlers, Nailers, and Sawyers; Smiths; Plumbers and Patternmakers; Bakers; Cordwainers; Tapestrymakers and Couchers; Butchers and Poultry Dealers; Saddlers, Glaziers, and Joiners; Tailors; Potters.

Again, as consumption increases, the making of roughly "graded" commodities grows in importance. A customer wishes a length of cloth, or a knife, or a pair of spurs. He knows what he wants, but knows little of its make, and can easily be imposed upon by inferior quality. The demand for more elaborate regulation comes from both sides. The individual craftsman himself is usually anxious to be protected from unfair competition; the consumer wishes protection from unfair extortion. Even if he still considers himself a judge of the article when he sees it, he knows that he can no longer bring to bear the direct personal pressure which was possible when men were fewer. A complexity of economic life has been reached which the simple gild merchant is no longer competent to deal with, and gradually the specialised organisation of trade or craft emerges.

We are particularly concerned with only one phase of this subject, namely, the relation of the craftsmen or artisans and their associations to the Gild Merchant.²⁷ It is necessary at the outset to emphasise

²⁷ Adapted by permission from Charles Gross, *The Gild Merchant*, I, 107–20; 158–64. (The Clarendon Press, 1890.)

size the fact that, generally speaking, craftsmen were freely admitted to the Gild Merchant in the twelfth, thirteenth, and fourteenth centuries. The term merchant, as is well known, was not in those days confined to large dealers, but embraced all who traded. The line of demarcation between merchant and craftsman was not yet sharply defined. Every master craftsman was regarded as a merchant, for he bought his raw materials and sold the products of his handiwork in his shop or at his stall, just as some coopers, shoemakers, bakers, and other tradesmen still do at the present day. The glover bought his skins; the baker his corn; the butcher sold hides as well as meat; the weaver, fuller, and dyer bought wool and woad, and sold cloth; the tanner bought bark and hides, and sold leather. Craftsmen were not only admitted to the Gild Merchant, but also, in all probability, constituted the majority of its members.

Craft gilds are first mentioned during the reign of Henry I (1068–1135), about a half a century after the first appearance of the Gild Merchant. The latter included merchants proper and artisans belonging to different trades; the craft gild, at first, included only artisans of a single trade. The position of these craft fraternities in the town community during the twelfth and thirteenth centuries was different from that of the Gild Merchant. They had not yet become official civic bodies, like the “*Gilda Mercatoria*,” forming a part of the administrative machinery of the town. Their existence was merely tolerated in return for a yearly ferm paid to the crown, whereas the Gild Merchant constituted a valuable burghal privilege, whose continuance was guaranteed by the town charter. Still the craft gilds occupied a more important position in the community than that of a mere private association of today.

The period of the three Edwards (1239–1377) constitutes an important epoch in the history of industry and gilds. With the rapid development and specialization of industry, particularly under Edward III, gilds of craftsmen multiplied and grew in power. Many master craftsmen became wealthy employers of labour, dealing extensively in the wares which they produced. The class of dealers or merchants, as distinguished from trading artisans, also greatly increased, forming themselves into separate fraternities or mysteries. When these various unions of dealers and of craftsmen embraced all the trades and branches of production in the town, little or no vitality remained in

the old Gild Merchant. In short, the function of guarding and supervising the trade monopoly had become split up into various fragments or sections, the aggregate of the crafts superseding the old Gild Merchant. A natural process of elimination, the absorption of its powers by other bodies, had rendered the old organization superfluous. This transference of authority from the ancient general Gild Merchant to a number of distinct bodies, and the consequent disintegration and decay of the former was a gradual spontaneous movement, which, generally speaking, may be assigned to the fourteenth and fifteenth centuries, the very period in which the craft gilds attained the zenith of their power.

The fourteenth century may, in general, be called the period of gradual transition. In the fifteenth century the transformation was completed. In this and in the following centuries the term *Gilda Mercatoria* became less and less frequent. In many places it soon wholly disappeared. Where it continued to subsist, the Gild no longer had an individuality of its own. Its aldermen and other peculiar officers, its whole organization as a distinctive entity, had vanished. It had merged its identity in that of the general municipal organism. The head of the fraternity was now the head of the town; borough and Gild, burgesses and gildsmen, were now identical.

Thus, in modern times, the machinery of the Gild Merchant fell to pieces, but its name vaguely clung either to the aggregate of the craft fraternities, to the town polity as a whole, to the narrow governing corporation, or to a private social-religious gild. In the eighteenth century we meet the word much less frequently than in the seventeenth and toward the beginning of the present century it became very rare. The Municipal Corporations Commission in 1835 found it still used in only a few boroughs. The remnants of the Gild Merchant and of the craft fraternities were rapidly vanishing before the new ideas of a more liberal age—the age of *laissez faire*.

3. LEADING ASPECTS OF GILD POLICY²⁸

The spirit of the medieval western guild is most simply expressed in the proposition, guild policy is livelihood policy. It signifies the maintenance of a substantial burgherly prosperity for the members of

²⁸ Adapted from M. Weber, *General Economic History*, pp. 138-42. (Adelphi Company, 1927.)

the guild, in spite of increased competition in consequence of the narrowing of the opportunities of life; the individual guild member must obtain the traditional standard of life and be made secure in it. This conception of the traditional standard of life is the analogue of the "living wage" of the present day.

The guild endeavored to secure and to maintain equality of opportunity for the members. To this end free competition had to be limited, and the guilds established various regulations: 1. The technique of the industry. They fixed the number of workers, and especially of apprentices, a member might employ; more especially, where apprenticeship threatened to pass into the employment of cheap labor, the number of apprentices was limited to one or two for each master. 2. The form of the raw material. Especially in industries which had to mix metals, such as bell casting, a fairly strict control was exercised in order to maintain the quality of the result and also to exclude unfair competition. 3. The technique of the industry and the process of production, hence the manner of preparing malt, of working leather, of finishing cloth, of dyeing, etc. 4. They controlled the form of tools employed. The individual guild commonly assumed a monopoly over certain tools, which it alone was allowed to use; the type of the tool was traditionally prescribed. 5. The quality which the product must show before it could be offered on the market.

The guilds also regulated the economic relations of the industry. 1. They set up limitations on the amount of capital, so that no employing entrepreneur could develop within the guild, overshadowing other masters and pressing them into his service. To this end, all association with foreigners outside the guild was forbidden, although the prohibition was rarely enforced. 2. Those admitted to the guild were forbidden to work for other masters lest they might be reduced to the position of journeymen; similarly as to working for merchants, which was bound to lead immediately to a putting-out system. The finished product had to be delivered as wage work for a customer by the guild craftsman who worked for wages; for price workers, the free marketing of the product as price work was the ideal. 3. The guilds controlled the buying opportunities. They forbade forestalling, i.e., no guild member dared provide himself with raw materials ahead of his fellows. Not infrequently they established a right of equal sharing; if

a shortage arose any guild member might demand that his brother in the guild provide him with raw material at its cost to them. 4. The guilds also opposed individual selling ahead of other members. To achieve this they often proceeded to compulsory marketing and strengthened the regulation by forbidding price cutting and enticement of customers; thus the way was barred to price competition. 5. They forbade the sale of the products of outsiders; if a member violated this rule he was rated a merchant and expelled from the guild. 6. They regulated marketing, through price schedules, with a view to guaranteeing the traditional standard of life.

Externally, the policy of the guild was purely monopolistic. 1. The guilds strove towards and reached the objective that in very many cases the policing of the industry in matters affecting the craft was placed in their hands and in such cases they maintained an industrial court. Otherwise they would not have been able to control the technique and procedure or to maintain equality of opportunity among members. 2. They strove towards and regularly achieved compulsory membership in the guild, at least literally, though it was often evaded in fact. 3. In many cases they succeeded in establishing a guild district; they everywhere strove for this, but fully achieved it only in Germany,—in England not at all, while in France and Italy they achieved partial success. A guild district means monopoly of a certain territory. Within this district, in which the guild established complete authority, no industry could be carried on except that of the guild. This measure was directed against migratory workers, who to a considerable extent were suppressed, and against rural industry. As soon as the guilds obtained power in the towns, their first thought was an endeavor to suppress competition from the country. 4. In case of a transfer of the product of one guild into the hands of another, the guilds set up price tariffs; internally, the price was a minimum price, against outsiders a monopoly price. 5. That the guild regulations might be effectively carried out, the division of labor must be as far as possible along occupational lines, not through transverse division of the process; that is, a worker must produce a final product from beginning to end and keep it in his own hands. By all these measures the guilds opposed the development of large establishments within the guild-controlled industry. What they were not able to prevent was the

development of putting out of work, with its implication of dependence of the craftsmen upon the merchant.

4. ORDINANCES OF THE GILD MERCHANT OF SOUTHAMPTON²⁹

[NOTE.—This selection should be read with the purpose of securing evidence of the function of the Gild Merchant with respect to the following points: (1) the commercial monopoly of the brethren; (2) the trading permitted to "foreign" merchants; (3) the relations of the brethren to strangers; (4) the rights in common of the brethren; (5) the control of industry and industrial relations; (6) the regulation of non-industrial activities; (7) the relation of the Gild to the Borough; (8) the conduct of charities and the development of fraternalism.]

1. In the first place, there shall be elected from the Gild Merchant and established, an alderman, a steward, a chaplain, four skevins, and an usher. And the Gild shall meet twice a year: that is to say, on the Sunday next after St. John the Baptist's day, and on the Sunday next after St. Mary's day.

3. And when the Gild shall sit, the lepers of La Madeleine shall have of the alms of the Gild, two sesters of ale, and the sick of God's House and of St. Julian shall have two sesters of ale. And the Friar's Minors shall have two sesters of ale and one sester of wine. And four sesters of ale shall be given to the poor whenever the Gild shall meet.

7. And when a gildsman dies, all those who are of the Gild and are in the city shall attend the services for the dead, and gildsmen shall bear the body and bring it to the place of burial. And whoever will not do this shall pay according to his oath, two pence, to be given to the poor. And those of the ward where the dead man shall be ought to find a man to watch over the body the night that the dead shall lie in his house. And so long as the service of the dead shall last, that is to say, the vigil and the mass, there ought to burn four candles of the Gild, each candle of two pounds weight or more, until the body is buried. And these four candles shall remain in the keeping of the steward of the Gild.

9. And when a gildsman dies, his eldest son or his next heir shall have the seat of his father, or of his uncle, if his father was not a gildsman, and of no other one; and he shall give nothing for his seat. No

²⁹ Adapted by permission from University of Pennsylvania, Department of History, *Reprints from the Sources of European History*, 1st Ser., Vol. II, No. 1, pp. 12-17.

husband can have a seat in the Gild by right of his wife, nor demand a seat by right of his wife's ancestors.

10. And no one has the right or power to sell or give his seat in the Gild to any man; and the son of a gildsman, other than his eldest son, shall enter into the Gild on payment of ten shillings, and he shall take the oath of the Gild.

11. And if a gildsman shall be imprisoned in England in time of peace, the alderman with the steward, and with one of the skevins, shall go, at the cost of the Gild, to procure the deliverance of the one who is in prison.

12. And if any gildsman strikes another with his fist, and is convicted thereof, he shall lose the Gild until he shall have bought it back for ten shillings, and taken the oath of the Gild again like a new member. And if a gildsman strikes another with a stick, or a knife or any other weapon, whatever it may be, he shall lose the Gild and the franchise, and shall be held as a stranger until he shall have been reconciled to the good men of the Gild and has made recompense to the one whom he has injured; and has paid a fine to the Gild of twenty shillings, and this shall not be remitted.

14. And if any stranger or any other who is not of the Gild nor of the franchise, strikes a gildsman, and is reasonably convicted thereof, let him be in prison two days and two nights, unless the injury is such that he should be more severely punished.

15. And if a gildsman reviles or slanders another gildsman, and a complaint of it comes to the alderman, and, if he is reasonably convicted thereof, he shall pay two shillings fine to the Gild, and if he is not able to pay he shall lose the Gild.

16. And if anyone who is of the franchise speaks evil of a gildsman, and is convicted of this before the alderman, he shall pay five shillings for a fine, or lose the franchise.

19. And no one in the city of Southampton shall buy anything to sell again in the same city, unless he is of the Gild Merchant or of the franchise. And no one shall be quit of custom unless he proves that he is in the Gild or in the franchise.

20. And no one shall buy honey, fat, salt herrings, or any kind of oil or millstones, or fresh hides, or any kind of fresh skins, unless he is a gildsman; nor keep a tavern for wine, nor sell cloth at retail, ex-

cept in market on fair days; nor keep grain in his granary beyond five quarters, to sell at retail, if he is not a gildsman; and whoever shall do this and be convicted shall forfeit all to the king.

21. No one of the Gild ought to be partner or joint dealer in any of the kinds of merchandise before mentioned with anyone who is not of the Gild, by any manner of coverture, or art, or contrivance, or collusion, or in any other manner. And whosoever shall do this and be convicted, the goods in such manner bought shall be forfeited to the king, and the gildsman shall lose the Gild.

22. If any gildsman falls into poverty, and has not the where-withal to live, and is not able to work or to provide for himself, he shall have one mark from the Gild to relieve his condition when the Gild shall sit.

23. And no private man or stranger shall bargain for or buy any kind of merchandise coming into the city before a burgess of the Gild Merchant, so long as the gildsman is present and wishes to bargain for and buy this merchandise; and if anyone does so and is convicted, that which he buys shall be forfeited to the king.

24. And anyone who is of the Gild Merchant shall share in all merchandise which another gildsman shall buy or any other person, whoever he is, if he comes and demands part and is there where the merchandise is bought, and also if he gives satisfaction to the seller and gives security for his part. But no one who is not a gildsman is able or ought to share with the gildsman without the will of the gildsman.

28. And if any gildsman for any debt which he may owe, will not suffer himself to be distrained, or when he has been distrained, shall break through or make removal or break the king's lock and be convicted thereof, he shall lose his gildship until he has bought it again for twenty shillings, and this each time that he offends in such manner. And he shall be none the less distrained until he has made satisfaction for the debt he owes; and if he will not submit to justice as aforesaid and be thereof convicted, he shall go to prison for a day and a night like one who is against the peace; and if he will not submit to justice let the matter be laid before the king and his council in manner aforesaid.

29. And the chief alderman, and the twelve sworn men, or the

bailiffs, each month, or at least four times a year, shall see that the assize of bread and ale be well kept in all points according to the price of corn.

32. Every year, on the morrow of St. Michael, shall be elected by the whole community of the town assembled in a place provided, to consider the estate and treat of the common business of the town—then shall be elected by the whole community, twelve discreet men to execute the king's commands, together with the bailiffs, and to keep the peace and protect the franchise, and to do and keep justice to all persons, as well poor as rich, natives or strangers, all that year.

63. No one shall go out to meet a ship bringing wine or other merchandise coming to town, in order to buy anything, before the ship be arrived and come to anchor for unlading; and if any one does so and is convicted, the merchandise which he shall have bought shall be forfeited to the king.

5. ORDINANCES OF THE WHITE TAWYERS OF LONDON³⁰

[NOTE.—This selection should be read with the purpose of securing evidence of the functions of the craft gild with respect to the following points: (1) Protection of consumer against defective wares and protection of producer against cheap labor; (2) the duties and the responsibilities of the gildsmen to each other and to the town; (3) the regulation of wages and prices; (4) religious and charitable duties; (5) social control of actions of members.]

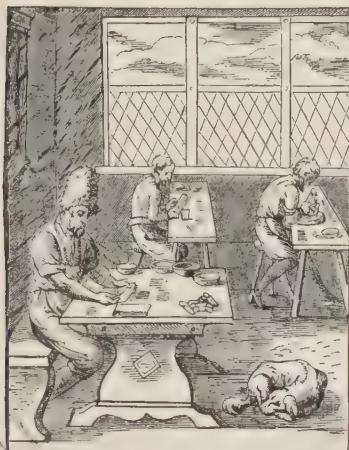
In the first place, they have ordained that they will find a wax candle, to burn before Our Lady in the Church of All Hallows near London Wall. Also, that each person of the said trade shall put in the box such sum as he shall think fit, in aid of maintaining the said candle.

Also, if by chance any one of the said trade shall fall into poverty, whether through old age, or because he cannot labour or work, and have nothing with which to help himself, he shall have every week from the said box 7d. for his support if he be a man of good repute. And after his decease, if he have a wife, a woman of good repute, she shall have weekly for her support 7d. from the said box so long as she shall behave herself well and keep single.

And that no stranger shall work in the said trade, or keep house [for the same] in the city, if he be not an apprentice, or a man admitted to the franchise of the said city.

³⁰ Adapted by permission from A. E. Bland, P. A. Brown, and R. H. Tawney, *English Economic History: Select Documents*, pp. 136–38. (G. Bell & Sons, Ltd., 1914.)

And that no one shall take the serving man of another to work with him, during his term, unless it be with the permission of his master.



THE PIN AND NEEDLE MAKER



THE DYER



THE HATTER



THE COPPERSMITH

Taken by permission from Paul Lacroix, *Manners, Custom and Dress During the Middle Ages*. (Bickers & Son and Chapman & Hall.)

And if any one of the said trade shall have work in his house that he cannot complete, or if for want of assistance such work shall be in danger of being lost, those of the said trade shall aid him, so that the said work be not lost.

And if any one of the said trade shall depart this life, and have not wherewithal to be buried, he shall be buried at the expense of their common box; and when any one of the said trade shall die, all those of the said trade shall go to the Vigil, and make offering on the morrow.

And if any serving man shall conduct himself in any other manner than properly towards his master, and act rebelliously toward him, no one of the said trade shall set him to work, until he shall have made



THE BUTCHER



THE BAKER

Taken by permission from Paul Lacroix, *Manners, Custom and Dress During the Middle Ages*. (Bickers & Son and Chapman & Hall.)

amends before the Mayor and Aldermen; and before them such misprision shall be redressed.

Also, that the good folks of the same trade shall once in the year be assembled in a certain place, convenient thereto, there to choose two men of the most loyal and befitting of the said trade, to be overseers of work and all other things touching the trade for that year, which persons shall be presented to the Mayor and Aldermen for the time being, and sworn before them diligently to enquire and make search, and loyally to present to the said Mayor and Aldermen such defaults as they shall find touching the said trade without sparing any one for friendship or for hatred, or in any other manner.

Also, that all skins falsely and deceitfully wrought in their trade, which the said overseers shall find on sale in the hands of any person,

citizen or foreigner, within the franchise, shall be forfeited, and the worker thereof amerced.

Also, that no one who has not been an apprentice, and has not finished his term of apprenticeship in the said trade, shall be made free of the same trade; unless it be attested by the overseers for the time being or by four persons of the said trade, that such person is able and sufficiently skilled to be made free of the same.

Also, that no one of the said trade shall induce the servant of another to work with him in the same trade, until he has made a proper fine with his first master, at the discretion of the said overseers, or of four reputable men of the said trade. And if any one shall do to the contrary thereof, or receive the serving workman of another to work with him during his term, without leave of the trade, he is to incur the said penalty.

Also, that no one shall take for working in the said trade more than they were wont heretofore, on the pain aforesaid, that is to say, for the *dyker of Scottes stagges*, half a mark; the *dyker of Yrysshe*, half a mark, the *dyker of Spanysshe stagges*, 10s.; for the hundred of *gotesfelles*, 20s.; the hundred of *rolether*, 16s.; for the hundred skins of *hyndescalves*, 8s.; and for the hundred of *kiddefelles*, 8s.

See also:

“The Church and Its Teachings,” page 217.

“Control by Public Authorities, Local and National,” page 223.

“Fair Dealing and Fair Price,” page 228.

6. CHARACTERIZATION OF CRAFT GILD ECONOMY

I. It was distinguished from the earlier “family system” of industry in that manufacture was carried on for the purpose of supplying consumers outside the domestic group.³¹ *There was a market*, in the sense of a number of purchasers, and therefore the goods produced can be called *wares*, as they could not before. But the market was very limited; in most cases restricted to the people of a particular town or district. Indeed, looking at England as a whole, it may be

³¹ Taken by permission from W. J. Ashley, *An Introduction to English Economic History and Theory: The Middle Ages*, pp. 92–96. (Longmans, Green & Co., 1892.)

said that there were then a number of local markets, not as there tends to be now, one market. Today, for instance, the price of corn is affected by the whole demand of England, or rather of a much larger area; then it would have been determined, but for legislative action, by the demand of a comparatively small area. It was this local limitation of demand that made the regulation of prices and methods of manufacture so much easier than it would be in modern times. The same smallness of the market, and the fact that most of the articles demanded were called for by necessity and not by fashion, caused demand to be stable: none of the social difficulties now caused by the rapid and incalculable fluctuations in demand had as yet begun to show themselves.

II. *Capital* played a very small part. In order to set up as a master-artisan a man needed to be able to hire a house and buy the necessary tools, as well as, in many crafts, a little money to buy materials. But *skill* and *connection*, the ability to produce good wares, and the steady demand of a small group of customers, were far more important. This element of technical skill modern machinery has driven far into the background.

III. There was as yet *no class of wage-labourers*, no "working class" in the modern sense of the term. By "working-men" we mean a number of men, from among whom individuals may indeed rise to become masters, but the majority of whom cannot hope ever to rise to a higher position. But in the fourteenth century a few years' work as a journeyman was but a stage through which the poorer men had to pass, while the majority probably set up for themselves as master craftsmen as soon as apprenticeship was over. There were, therefore, no collisions between "capital and labour," though there might be occasional quarrels between individuals. The hard-working journeyman expected to be able in a few years to become an independent master; and while he remained a journeyman there was no social gulf between himself and his employer. They worked in the same shop, side by side, and the servant probably earned at least half as much as his master.

IV. If, therefore, we compare the working class of today with that of the fourteenth century, it is not with the journeymen, but with the master craftsmen, that the comparison must be made. The most important contrast that strikes us is that *the medieval craftsman was*

personally independent, in a sense in which the modern workman is not. He worked in his own shop, owned his own tools, and worked at what hours he pleased, subject to the restrictions as to work at night or on Sunday. In some crafts, it is true, he received the raw material from customers, giving back finished articles for the customers' own use; in some he was more or less dependent on the men of other crafts, receiving half-finished goods from them and returning them one stage further advanced. But in many industries the craftsman bought his own materials and sold the goods to such customers as presented themselves, i.e., he combined the functions of a trader with those of a manufacturer. The shopkeeper class was only beginning to come into existence.

V. We have seen that the gilds were not independent, but were subject to the control of the municipal and central authorities. The chief object of this control, as of the gild statutes, was *to secure the good quality of the wares produced*. The modern state has abandoned the attempt, except in the case of certain articles of food. But it must be recognized that the task was an easier one in the Middle Ages. Wants were comparatively few and unchanging; they were supplied by neighbouring craftsmen; consumer and producer stood in direct relation with one another. Such regulations had regard, not only to the interests of the consumers, but also to those of the craft itself, which would be injured by the knavery of individual members. They only disappeared when production became much greater and aimed at satisfying a wide and changing market. As we should expect, the doctrine *caveat emptor* first appears in the cloth industry: a petition of the London fullers, in 1369, urges that those who bought cloths with patent defects should do so at their peril.

VI. The supervision of the processes of manufacture was the chief reason for the action of the central and local authorities in encouraging and even insisting on the *separate organization of different branches of the same industry*, and the rule that every craftsman should choose his craft and abide by it. An Act of Parliament of 1363 ordained that "artificers and men of mysteries (*mestiers*, i.e., crafts) shall each join the craft he may choose between this time and the next Candlemas"; "trespassers" were to be punished by imprisonment for half a year and by a fine to the king.

VII. The members of *each craft usually lived in the same street* or neighbourhood. Thus in London the saddlers lived round and attended the church of S. Martin-le-Grand; the lorimers lived in Cripplegate, the weavers in Cannon Street, smiths in Smithfield, and bucklers in Bucklersbury. So in Bristol there were Tucker Street, the home of the tuckers or fullers, Corn Street, Knifesmith Street, Butcher Row, Cooks' Row, and the like. Such a grouping must have enormously strengthened the sense of corporate life in each craft and must also have made the work of supervision comparatively easy.

So large a part of the manufacturing work of the country was arranged on the gild system that the term may be fairly used to describe the whole organization of industry. But in some occupations and districts, while there was a sufficient demand for some commodity to induce men to give up themselves to a particular sort of labour, there could never be a demand large enough to call into existence a body of men of the same craft large enough to form a gild or company. Thus most villages had a smith, but only in the largest town was there a smiths' gild.

It has been possible to bestow praise upon the craft gild in spite of the fact that its fundamental principles are in many respects so completely at variance with modern ways of thinking.³² It is contended that the pressure of the gild system in a primitive age, accustomed to the rudest forms of deceit, fashioned a public opinion in favour of those social and economic virtues that have now become a commonplace, and schooled men to recognize elementary maxims of honesty in trade and industry. It would then follow that with all its uncompromising and rigid harshness the gild system could be justified as an indispensable stage in our development. We scarcely know, however, sufficient of the factors which have moulded the national temperament and created a social conscience to postulate this view with certainty. But what we can do is to recognize that the gild system had certain qualities which may still afford an inspiration to our own age, and certain defects which may still furnish a warning.

³² Adapted by permission from E. Lipson, *The Economic History of England: The Middle Ages*, pp. 388-90. (A. & C. Black, Ltd., 1915.)

For the purposes of a local market the craft gild was admirably designed to achieve its object, the limited production of a well-wrought article. Apprenticeship afforded ample opportunities for a thorough system of technical training, and the inspection of workshops stimulated and encouraged a high standard of craftsmanship. The regulation of wages and conditions of labour, if often prompted in the interests of the masters, would tend to protect the journeymen against arbitrary oppression and to set up a standard which was probably on the whole not unreasonable or unfair. Again, the determination of prices and the quality of wares sought to protect both the seller and the buyer and to establish rates of remuneration for the craftsmen that were commensurate with the labour involved. It has often been remarked that mediæval authorities endeavoured to fix prices according to the cost of production. Starting from the conviction that the labourer was worthy of his hire, their principle was to reward him with a recompense suitable to his station. They seem to have recognized that wages should be made to conform to a fit and proper standard of life. Another feature of the gild system was that the scope of individual

AN INDENTURE OF
APPRENTICESHIP, 1459³³

This indenture made between John Gibbs of Penzance, in the county of Cornwall, of the one part, and John Goffe, Spaniard, of the other part, witnesses that the aforesaid John Goffe has put himself to the aforesaid John Gibbs to learn the craft of fishing, and to stay with him as apprentice and to serve from the feast of Philip and James next to come after the date of these presents until the end of eight years then next ensuing and fully complete; throughout which term the aforesaid John Goffe shall well and faithfully serve the aforesaid John Gibbs and Agnes his wife as his masters and lords, shall keep their secrets, shall everywhere willingly do their lawful and honourable commands, shall do his masters no injury nor see injury done to them by others, but prevent the same as far as he can, shall not waste his master's goods nor lend them to any man without his special command. And the aforesaid John Gibbs and Agnes his wife shall teach, train, and inform or cause the aforesaid John Goffe, their apprentice, to be informed in the craft of fishing in the best way they know, chastising him duly and finding for the same John, their apprentice, food, clothing, linen and woolen, and shoes, sufficiently, as befits such an apprentice to be found, during the term aforesaid. And at the end of the term John Goffe shall have of John Gibbs and Agnes his wife 20s. sterling without any fraud.

³³ A. E. Bland, P. A. Brown, and R. H. Tawney, *English Economic History: Select Documents*, p. 147. (G. Bell & Sons, Ltd., 1914.)

enterprise was restricted on the ground that the interests of the community were paramount.

The chief criticism against the craft gild, however, is that it fostered a spirit of monopoly and promoted an unreasoning jealousy of the "stranger within the gates," which undoubtedly militated against the expansion of industry. Its monopoly indeed has met on every hand with severe condemnation, and the subsequent efforts of the gilds to confine membership to a narrow and selfish clique merit the censure they have received. But in the earlier stages of craft development the gilds, as we have already contended, can hardly be blamed for excluding from their privileges those who were reluctant to share their charges.

But whatever opinion we may form as to the merits and defects of the gild system, we can at any rate do justice to its most admirable feature, the institution of apprenticeship. Whatever its drawbacks, the gild has bequeathed to us the ideal of technical training and sound craftsmanship, an ideal binding on all alike who work with hand or brain.

7. THE GILDS AND THE MODERN TRADE UNION³⁴

I. *The craft gild.*—Some writers have endeavoured to establish a connection between the gild system and trade unionism, but there are many striking differences between medieval craft gilds and modern trade unions, not only in regard to membership, but also in functions. In one respect they are similar, for both alike are industrial organizations concerned ultimately with the same fundamental purpose, the maintenance of "the standard of life." The chief object of the trade union is to organize the workers, in order to raise the standard of living and by the co-operation of forces prevent the degradation of their social and economic status. The craft gilds were no less concerned with securing to every one of their members opportunities for a fair and just remuneration of their labour. Both bodies rest in principle upon the conviction that combined action can alone ensure adequate maintenance for the workers; to this degree the trade unions carry on the tradition of the older gild system. Here, however, the resemblance ends.

³⁴ Adapted by permission from E. Lipson, *The Economic History of England: The Middle Ages*, pp. 343-46, 363-64. (A. & C. Black, Ltd., 1915.)

1. The craft gilds comprised only skilled artisans, but outside their ranks lay an ever-growing body of unskilled workmen, devoid of organization, in receipt of inferior wages, and altogether on a lower plane than their more favoured fellows. The craft gilds were, in fact, select bodies whose members were the competent men of the trade, and at no time apparently did they contain within their ranks the whole body of workers within the town. It is this aspect of the gild as an exclusive organization, restricted as a general rule to skilled workmen, that constitutes one of its most essential characteristics.

2. Again, the craft gild was distinctly an urban institution, an industrial group consisting of the men of a particular locality. Normally its membership extended only to those who dwelt within the walls of one and the same town; this was in accordance with the characteristics of an age in which economic life was organized on the basis of the borough and the manor. We must avoid, however, the temptation to lay down hard and fast rules. There are grounds for believing that the craft gild sometimes included country workmen. However this may be, the members of a trade union are drawn from a wider area, which may even cover the whole nation. This difference measures the whole extent of progress from one stage of social evolution to another, from the city state to the country state.

3. Further, membership of the medieval gild was not voluntary but compulsory, and the authorities of the gild were empowered to force every skilled artisan to become a member. The modern trade union is a voluntary association of workers, based upon community of interests and the sense of solidarity.

4. But the vital difference between the two institutions is that the craft gild did not consist, like the trade union, of one grade of producers only, the hired worker, but of all grades: the manual worker, the middleman, and the entrepreneur. The modern trade union is a combination of manual workers, while the gild embraced also the masters.

5. Apart from differences in the constitution of the two bodies, there is a striking difference in their functions. The trade union is concerned with the interests of the workers and not with those of the public as such. It has been defined by the historians of trade unionism as "a continuous association of wage-earners for the purpose of

maintaining or improving the conditions of their employment." Trade unions are thus at present primarily fighting organizations, though in some cases they are beginning to display a growing sense of responsibility for the work done by their members. The craft gild, on the other hand, showed care, not only for the manufacturer, but for the customer, reconciling so far as possible the interests of producer and consumer, and insisting on sound workmanship, good quality, and a just price, reasonable alike to buyer and seller. In order to ensure an adequate standard of materials and technical skill, the wardens of the gild enforced apprenticeship, attested the competence of strangers, and carried out a rigorous system of search. Of the other functions served by the craft-gilds—religious, educational, and the like—we have already spoken.

6. Lastly, the craft gilds were semi-public bodies, subordinate but integral parts of municipal administration. At the same time they were in theory and largely in practice under the control of town authorities, and their efforts to emancipate themselves from this control were severely checked. Occasionally also the gilds were employed as agents of national supervision.

II. *The journeyman gild.*—At this point we may inquire how far the journeymen gilds can be compared with trade unions. It is clear that there is a very striking similarity. Unlike the craft gilds, the journeymen gilds comprised only the class of wage-earners banded together in defiance of their employers, and their efforts to secure an improvement of their economic position make the parallel to trade unionism still more evident. The vital difference lies in the fact that the journeymen failed to establish a stable and permanent organization. To some extent their failure is accounted for by the repressive policy adopted towards them both by the municipality and the state. But a more important reason is that, while it was becoming increasingly difficult for the hired workers as a body to achieve independence and mastership, yet the way was always open to the more enterprising among them to do so. So long as it was possible for a certain number of journeymen to become masters, a permanent and efficient association was out of the question. The leaders of the journeymen, with greater intelligence and capacity than their fellows, would constantly be absorbed into the higher grades of the fellowship. When, more-

over, a transformation took place in the character and constitution of the yeomen gild, when it came to consist mainly of small masters—or even men of substance serving their period of probation before admission into the livery—and when, above all, it came to be controlled from above by the livery, then all resemblance to trade unions entirely ceased. Throughout the eighteenth century occasional combinations were formed among artisans, but it was not till the Industrial Revolution decided the final victory of industrial capitalism, taking away from the worker his economic independence, divorcing him from the soil, and depriving him of other sources of livelihood in times of industrial distress, that trade unionism at length attained coherence and assumed a permanent and stable form of organization.

8. CAUSES CONTRIBUTING TO THE DECLINE OF THE GILDS³⁵

Opposed to the guild were in the first place the consumers. They were unorganized, as today and always, but the town or the prince might become their champion. Both of these set up a vigorous resistance to the guild monopoly. Furthermore, the towns subjected the food industries to an extensive control through the establishment of municipal slaughter houses, meat markets, mills, and ovens, often imposing upon the craftsmen themselves the obligation to make use of these institutions. Moreover, the town struggled for power over the guild through the agency of price fixing, setting maximum wages or prices in opposition to the minimum wages and prices of the guilds.

Furthermore, the guild had competition to contend against. Under this head are included the craft workers of the landed estates, especially those of the monasteries, in the country and also in the towns themselves.

A third struggle of the guilds was directed against the laborers, against those who were not yet masters, which set in as soon as the guild undertook limitation of numbers in any form or the closing of the guild or the raising of difficulties in the way of entry into mastership.

The guilds struggled with the merchants, especially the retailers, who met the needs of the town market and would draw their products

³⁵ Adapted from M. Weber, *General Economic History*, pp. 149–55. (Adelphi Company, 1927.)

from wherever they could obtain them most cheaply. Retail trade involved little risk in comparison with trade with remote regions and allowed a more secure profit. The retailers, of whom the merchant tailors formed a typical stratum, were the friends of the rural craftsmen and enemies of those of the town, and the struggles between them and the guilds are among the most intense known to the Middle Ages.

Parallel with the struggle against the retailers went wars within individual guilds and between various guilds. Those arose first in cases where workers possessed of capital and others without it were present in the same guild, which presented an opportunity for the propertyless to become home workers for the wealthy members. A similar situation existed as between wealthy guilds and others possessing little capital, within the same production process.

The disintegration of the guilds, which took place after the close of the Middle Ages, proceeded along several lines.

1. Certain craftsmen within the guilds rose to the position of merchant and capitalist-employer of home workers. Masters with a considerable invested capital purchased the raw material, turned over the work to their fellow guildsmen who carried on the process of production for them, and sold the finished product. The guild organization struggled against this tendency, but none the less it is the typical course of the English guild development, especially in London. In spite of the desperate resistance of the guild democracies against the "older men," the guilds were transformed into "livery companies," guilds of dealers in which the only full members were those who produced for the market, while those who had sunk to the level of wage workers and home workers for others lost the vote in the guild and hence their share in its control.

2. One guild might rise at the expense of another. Just as we find trading masters in many guilds, others changed entirely into mercantile guilds forcing the members of other guilds into their employ. This was possible where the production process was transversely divided. The fourteenth century especially is filled with struggles of the guilds for independence of other guilds. Frequently both processes run along together; within the individual guild, certain masters rise to the position of traders and at the same time many guilds become organizations of traders.

3. Where the raw material was very costly and its importation demanded considerable capital, the guilds became dependent upon the importers. In Italy, silk gave occasion to this development, in Perugia for example, and similarly for amber in the north. New raw materials might also provide the impetus. Cotton worked in this way; as soon as it became an article in general demand, putting-out enterprises arose alongside the guilds or through their transformation as in Germany, where the Fuggers took a notable part in the development.

4. The guilds might become dependent upon the exporters. Only in the beginnings of the industry could the household or tribal unit peddle its own products. As soon, on the other hand, as an industry became entirely or strongly based on exportation, the factor-entrepreneur was indispensable; the individual craftsman failed in the face of the requirements of exportation. The merchant, however, possessed not only the necessary capital but also the requisite market knowledge.

See also "Loss of Control by the Gilds," page 192.

E. The Development of Trade and Commerce

The beginnings of trade and commerce go far back into human history. Probably bartering and perhaps money (of a sort) existed in Paleolithic times; and Neolithic man quite clearly had not only bartering but also money exchange. In ancient times the Egyptians, Phoenicians, Greeks, and Romans were great traders. Although trading declined during the Dark Ages, it by no means disappeared; and it flourished in the medieval Italian cities which lay on the great trade routes of the medieval world.

Trade and commerce developed in the English medieval towns much later than in the Italian cities, and did not flourish in a spectacular way in the English environment. We shall, however, confine our study to the English developments.

In the towns began those manufacturing developments which were to make such great contributions to industrial capitalism. So also the towns were the seats of the rising trade and commerce—manufacture and commerce going hand in hand in those days. In one sense, then, the discussion of trade and commerce continues the dis-

cussion of the influence of the towns upon the development of modern capitalism.

In another sense, however, the study of trade and commerce carries one quite beyond the medieval town to thoughts of intercourse and interaction among nations; of voyages of discovery and exploration; of colonization and colonial trade; of the breaking down of local customary ways through the diffusion of culture from distant realms; of especial stimulation of the arts of calculation; of technological developments in connection with the physical handling of trade; of especial motivation by the gain spirit; of emphasis upon new types of business organization. When one reflects upon the impact of such matters upon precapitalistic methods of living, it becomes evident how true it is that "the merchant was par excellence the revolutionary force of medieval times." The "commercial revolution" of the early modern period was a natural—and an essential—forerunner of the Industrial Revolution of the eighteenth century.

These issues^{35a} should be considered while reading the following selections:

1. What were the outstanding hindrances to trade and commerce in medieval England? How were these hindrances overcome?
2. Wherein did physical means of communication and transportation of medieval times differ from those of the century (1660-1760) which preceded and thus definitely prepared for the Industrial Revolution?
3. What were the chief agencies and institutions of medieval commerce and what developments were worked out in these respects as trade and commerce developed?
4. In what respects does trade aid man in his "struggle to gratify wants"?
5. In what particulars did the development of trade and commerce mean a development of capitalism?
6. If one were to speak of the "trade organization" or the "commercial organization" of modern life, to what agencies or institutions would he have reference?

^{35a} A more detailed statement of issues may be found in *Outlines of the Economic Order*, pp. 28-33. (The University of Chicago Press.)

1. FAIRS AND MARKETS³⁶

In the Middle Ages the greater part of the internal trade of the country was carried on at fairs and markets, and the history of their organization and growth occupies an important chapter in the development of mediaeval commerce. For many centuries they were the chief centres of traffic and the main channels of commercial intercourse. But the period during which their activity was at its height was that of the twelfth, thirteenth, and fourteenth centuries, when England became covered with a network of markets and fairs, of which some rivaled in fame even the great French fairs of Champagne and Lyons. Their importance indeed can scarcely be overestimated, for at a time when the stream of commerce was fitful and scanty they furnished what was commonly the sole opportunity for the purchase and sale of distant products. They represent, in fact, a phase of commerce which can best be described as periodic; where distribution and exchange take place at periodical gatherings and not in permanent centres.

In their first beginnings fairs and markets appear as a religious rather than as a commercial institution. They originated in the religious assemblies of pious worshippers who congregated round famous shrines on the feast days of saints. Indeed, between the festival and the fair there is a close, almost inseparable, relation. "There is no great festival without a fair, no fair without a festival." The concourse of strangers from distant parts afforded opportunities for the exchange of products, and the pilgrim was often also a trader. These periodical gatherings became the natural centres for commercial dealings, and merchants were always assured of the presence of buyers in an age when population was scattered and seldom concentrated in large groups. Moreover, the ostensible purpose for which the assemblies were held threw over the trader the cloak of religion and ensured a degree of security which induced him the more willingly to brave the risks inseparable from his calling. The influence of the Church was undoubtedly a powerful factor in fostering the temporary peace to which the fair usually owed its rise.

The development of markets and fairs was enormously facilitated

³⁶ Adapted by permission from E. Lipson, *The Economic History of England: The Middle Ages*, pp. 196-222. (A. & C. Black, Ltd., 1915.)

by the protection which the Church and the monarchy extended to those who frequented them, and the market-cross became the emblem of the peace of commercial intercourse. They constituted the cases of commercialism in "a wilderness of militancy."

Other factors contributed greatly to the formation of markets and fairs, and among these was the importance attached in Anglo-Saxon law to the presence of witnesses at all purchases and sales, in order to avoid traffic in stolen goods. From the earliest times we find legislative enactments reiterating the prohibition against secret transactions.

These injunctions served to consolidate the market system by gathering the people together on fixed days in the week or year for purposes of buying and selling. The effort to concentrate trade in recognized centres rendered the market a natural medium for all commercial dealings. The exigencies of the royal exchequer tended in the same direction and acted as a powerful lever in forcing the internal trade of the country into artificial channels, in order to facilitate the collection of tolls.

The exclusive monopoly of trade which towns in the Middle Ages so jealously asserted affords a further explanation of the rapid development of mediaeval markets and fairs. The townsmen carefully guarded their commercial privileges and were reluctant to extend them to the stranger in their midst. At fairs and markets, on the other hand, full freedom of traffic was accorded indifferently to alien and native, to burgess and stranger; and it was this policy of free trade and the open door which attracted traders and afforded scope for the unrestricted play of commercial forces.

The classical doctrine as enunciated in the pages of Coke and Blackstone lays down that markets and fairs can only be set up in virtue of a royal grant or by long and immemorial usage and prescription which presupposes such a grant. This doctrine also held good in the Middle Ages, and it was among the duties of justices of the eyre to inquire "if any new market had been set up without the license of our lord the king." The grant of a market or fair was essentially a royal prerogative and was usually embodied in a formal charter or letters patent. In a feudal organization of society the sovereign was easily induced to alienate the royal rights of the Crown, and no privilege perhaps was more lavishly conceded than the grant of fairs and

markets. These grants were conferred upon towns and churches and individuals. Many towns set up their own fairs and markets, but their privilege rested upon the royal license. The great stimulus to their creation was the recognition that they were a lucrative source of income to their owners. It is exceptional to find a *free* fair where neither toll, custom, nor stallage was taken from traders.

Questions affecting the duration of the mart were of vital moment to the lord and to the trader. The market, held once a week and occasionally more often, lasted a single day; the fair was an annual institution, though several fairs were sometimes held in the same place during the course of the year. Nottingham had two fairs; Eton College two; Bristol and Cardiff had three, and Wells four, which belonged to the bishop. The duration of the fair varied considerably in different parts of the country; sometimes it was limited to two, three, and four days, but more commonly it was spread over a week. Frequently the period of the original grant was lengthened by royal favour.

As English trade developed and the needs of society grew apace,

GRANT OF A FAIR AT
ST. IVES, 1202³⁷

John, by the grace of God, King of England, etc., greeting. Know ye that we, for our salvation and for the souls of our ancestors and successors have granted and by our present charter have confirmed to God and the church of St. Mary and St. Benedict of Ramsey, and to the abbot and monks there serving God, a fair at St. Ives, to begin on the fourth day before the feast of St. Lawrence and to endure for eight days; to have and to hold forever, so nevertheless that it be not to the nuisance of neighboring fairs.

GRANT OF A MARKET AT
ST. IVES, 1293³⁷

Edward, by the grace of God, King of England, lord of Ireland, and Duke of Aquitaine, to archbishops, bishops, abbots, priors, earls, barons, justices, sheriffs, reeves, ministers, and all his bailiffs and faithful, greeting. Know ye that we have granted and by this our charter confirmed to our beloved in Christ, the abbot and convent of Ramsey, that they and their successors forever have a market every week on Monday at their manor of St. Ives in the county of Huntingdon, unless that market be to the nuisance of neighboring markets.

³⁷ Adapted by permission from A. E. Bland, P. A. Brown, and R. H. Tawney, *English Economic History: Select Documents*, pp. 158–59. (G. Bell & Sons, Ltd., 1914.)

the tendency was for the fair to become more and more important and to extend over longer periods of time. From this standpoint the protraction of the fair has a marked significance, and it became increasingly common for the fair to extend over a month.

An important difference emerges between the fair and the market. In principle they were alike, for each was a periodical gathering, distinct from permanent centres of trade on the one hand and from occasional and irregular marts on the other, but in their degrees of importance they differed widely. The market supplied the wants of the locality and was attended only by the inhabitants of the neighborhood; its commodities were country produce and the wares of everyday life. The fair was often of national and sometimes of international repute, and its stalls exposed for sale everything that was rare and costly. A statute of Henry VII relates that: "There be many fairs for the common weal of your people" who resort to them "to buy and purvey many things that be good and profitable, as ornaments of Holy Church, chalices, books, vestments . . . and also for household, as victuals for the time of Lent and other stuff as linen cloth, woollen cloth, brass, pewter, bedding, osmund, iron, flax, and wax, and many other necessary things, the which might not be forborne." Foreign wares could only be purchased at fair-time, and traders flocked to these shores from all parts of Europe; merchants from Venice and Genoa with costly spices from the East and silks and velvets and "things of complacence," the Flemish weaver with linen cloth, the Spaniard with iron, the Norwegian with tar, the Gascon with wine, and the Teuton with furs and amber. At the fairs also was gathered native produce—wool, the source of England's wealth in the Middle Ages; tin from Cornwall; salt from the Worcestershire springs, lead from the Derbyshire mines; iron from the Sussex forges; and cloth which the drapers were wont to purchase "at home and abroad about Michaelmas for the fairs ensuing." Here the bailiff purchased his farm implements and store of salt and sheep-medicines and fish for Lent, the noble his armour and steed and falcons, the lady her robes and dresses.

The importance of the fair is indicated, not only in the attendance of foreign traders, but by the fact that the ordinary activities of municipal life were commonly suspended while the more important fairs were being held. But the significance of the fair lies deeper. It was a

cosmopolitan gathering, and association with men from distant parts must have enormously broadened the horizon and widened the outlook of those who frequented it. As the common hearth of the nation it must have fostered mental progress and stimulated a keen and active interest in the world that lay beyond.

2. STURBRIDGE FAIR³⁸

The Sturbridge fair is kept in a large corn-field, near Casterton, extending from the side of the river Cam, towards the road, for about half a mile square.

If the field be not cleared of the corn before a certain day in August, the fairkeepers may trample it under-foot, to build their booths or tents. On the other hand, to balance that severity, if the fairkeepers have not cleared the field by another certain day in September, the ploughmen may re-enter with plough and cart, and overthrow all into the dirt; and as for the filth, dung, straw, &c. left behind by the fairkeepers, which is very considerable, these become the farmers fees, and make them full amends for the trampling, riding, carting upon and hardening the ground.

It is impossible to describe all the parts and circumstances of this fair exactly; the shops are placed in rows like streets, whereof one is called Cheapside; and here, as in several other streets, are all sorts of traders, who sell by retail, and come chiefly from London. Here may be seen goldsmiths, toymen, brasiers, turners, milaners, haberdashers, hatters, mercers, drapers, pewterers, china-warehouses, and, in a word, all trades that can be found in London; with coffee-houses, taverns, and eating-houses in great numbers; and all kept in tents and booths.

This great street reaches from the road and holds in a line near half a mile quite down to the river-side. In another street parallel with the road are the like rows of booths, but somewhat larger, and more intermingled with wholesale dealers; and one side, passing out of this last street to the left-hand, is a great square, formed of the largest booths, called the Duddery; but whence so called, I could not

³⁸ This description of Sturbridge Fair was written by Daniel Defoe early in the eighteenth century, *Tour of Great Britain*, Vol. I, Letter II. It will serve to depict the fairs of earlier centuries.

learn. The area of this square is from 80 to 100 yards, where the dealers have room before every booth to take down and open their packs, and to bring in waggons to load and unload.

This place being peculiar to the wholesale dealers in the woollen manufacture, the booths or tents are of a vast extent, having different apartments, and the quantities of goods they bring are so great, that the insides of them look like so many Blackwell-halls, and are vast warehouses piled up with goods to the top. In this Duddery, as I have been informed, have been sold 100,000 pounds-worth of woollen manufactures in less than a week's time; besides the prodigious trade carried on here by wholesalemen from London, and all parts of England, who transact their business wholly in their pocket-books; and, meeting their chapmen from all parts, make up their accompts, receive money chiefly in bills, and take orders. These, they say, exceed by far the sales of goods actually brought to the Fair, and delivered in kind; it being frequent for the London wholesalemen to carry back orders from their dealers, for 10,000 pounds-worth of goods a man, and some much more. This especially respects those people, who deal in heavy goods, as wholesale grocers, salters, brasiers, iron-merchants, wine-merchants, and the like; but does not exclude the dealers in woollen manufacturers, and especially in mercery-goods of all sorts, who generally manage their business in this manner.

But all this is still outdone, at least in appearance, by two articles, which are the peculiars of this Fair, and are not exhibited until the other part of the Fair, for the woollen manufacture, begins to close up: these are the wool, and the hops. There is scarce any price fixed for hops in England, till they know how they sell at Sturbridge fair. The quantity that appears in the Fair is indeed prodigious, and they take up a large part of the field, on which the Fair is kept, to themselves.

I might proceed to speak of several other sorts of English manufacturers, which are brought hither to be sold; as all sorts of wrought iron, and brass ware from Birmingham; edged tools, knives, &c. from Sheffield; glass wares, and stockens, from Nottingham and Leicester; and unaccountable quantities of other things of similar value every morning.

To attend this Fair, and the prodigious crouds of people which re-

sort to it, there are sometimes no less than 50 hackney coaches, which come from London, and ply night and morning to carry the people to and from Cambridge; for there the gross of them lodge; nay, which is still more strange, there are wherries brought from London on waggons, to ply upon the little river Cam, and to row people up and down, from the town, and from the Fair, as occasion presents.

It is not to be wondered at, if the town of Cambridge cannot receive or entertain the numbers of people that come to this Fair; for not Cambridge only but all the towns round are full; nay, the very barns and stables are turned into Inns, to lodge the meaner sort of people: As for the Fair-people, they all eat, drink, and sleep in their booths, which are so intermingled with taverns, coffee-houses, drinking-houses, eating-houses, cooks shops, &c. and so many butchers and higglers from all the neighboring counties come in every morning with beef, mutton, fowls, butter, bread, cheese, eggs, and such things, and go with them from tent to tent, from door to door, that there is no want of provisions of any kind either dressed, or undressed.

In a word, the Fair is like a well-governed city, and there is the least disorder and confusion (I believe) that can be seen anywhere with so great a concourse of people.

Towards the latter end of the Fair, and when the great hurry of wholesale business begins to be over, the Gentry come in, from all parts of the county round; and though they come for their diversion, yet it is not a little money they lay out, which generally falls to the share of the retailers; such as the toy-shops, goldsmiths, brasiers, ironmongers, turners, milaners, mercers, &c. and some loose coins they reserve for the puppet-shews, drolls, rope-dancers, and such-like; of which there is no want. The last day of the Fair is the horse-fair, where the whole is closed both with horse and foot-races, to divert the meaner sort of people only; for nothing considerable is offered of that kind, and the last act, I presume must have put an end to the former. Thus ends the whole Fair, and in less than a week more, scarce any sign is left, that such a thing has been there, except by the heaps of dung, straw, and other rubbish, which is left behind, trod into the earth, and is as good as a summer's fallow for the land; and, as I have said above, pays the husbandman well for the use of it.

I should have mentioned, that here is a court of justice always

open, and held every day in a shed built on purpose in the Fair: this is for keeping the peace, and deciding controversies in matters arising from the business of the Fair. The magistrates of the town of Cambridge are judges in this court, as being in their jurisdiction, or they holding it by special privilege. Here they determine matters in a summary way, as is practised in those we call Pye-Powder Courts in other places, or as a Court of Conscience; and they have a final authority without appeal.

3. THE LAW MERCHANT AND ITS INFLUENCE UPON MODERN COMMERCIAL LAW

The law by which the commercial life of the mediaeval trader was governed was not the common law of the land but the law merchant.³⁹ This was a special body of legal usages and doctrines binding on merchants throughout Europe in their mercantile relations. While at the outset a uniform system of law was only gradually developed out of the conflicting practices of the different localities, there ultimately grew up a definite body of law distinct from common law and of international bearing.

It had several well-defined features, and foremost among these the author of a treatise on the *Lex Mercatoria* places the summary nature of its procedure. Again, it was unwritten, customary law, created by the merchant "out of his own needs and his own views," though to some extent it may have come under the influence of statute law. In certain respects it openly diverged from the common law of the land and in some degree anticipated modern commercial practices. Especially characteristic was the payment of a God's penny to bind a purchase; once the parties to a contract had paid "earnest" or assurance money, neither could withdraw from it.

The holding of a piepowder court was not the prerogative of the fairs alone. They were often set up in boroughs to provide expeditious justice "for merchants and foreigners passing through" in matters affecting "covenants, contracts, trespasses, and debts." The promise of speedy justice was one of the concessions extended to aliens in the *Carta Mercatoria* (1303).

³⁹ Adapted by permission from E. Lipson, *The Economic History of England: The Middle Ages*, pp. 224-32. (A. & C. Black, Ltd., 1915.)

If we follow the growth of this Law Merchant or Mercantile Law, which was two hundred years ago so distinct from the Common Law, we find it in England going through three stages of development.⁴⁰ The first stage may be fixed as ending at the appointment of Coke as Lord Chief Justice in the year 1606, and before that time you will find the Law Merchant as a special law administered by special Courts for a special class of people.

1. In the first place as to the special Courts. The greater part of the foreign trade of England, and indeed of the whole of Europe at that time was conducted in the great fairs, held at fixed places and fixed times in each year, to which merchants of all countries came. In each of those fairs a Court sat to administer speedy justice by the Law Merchant to the merchants who congregated in the fairs, and in case of doubt and difficulty to have that law declared on the basis of mercantile customs by the merchants who were present. You will find this Court mentioned in the old English law books as the Court *Pepoudrous*, so called because justice was administered "while the dust fell from the feet," so quick were the Courts supposed to be. Indeed, so far back as Bracton in the thirteenth century, it had been recognized that there were certain classes of people, "who ought to have swift justice, such as merchants, to whom justice is given in the Court *Pepoudrous*." The records of these Courts are few, for obviously in Courts for rapid business law reporters were rather at a discount. As a consequence, "there is no part of the history of English law more obscure than that connected with the maxim that the Law Merchant is part of the law of the land."

2. Now the second stage of development of the Law Merchant may be dated from Lord Coke's taking office in 1606, and lasts until the time when Lord Mansfield became Chief Justice in 1756, and during that time the peculiarity of its development is this: that the special Courts die out, and the Law Merchant is administered by the King's Courts of Common Law, but it is administered as a custom and not as law. And as the Law Merchant was considered as custom, it was the habit to leave the custom and the facts to the jury without any directions in point of law, with a result that cases were rarely re-

⁴⁰ Adapted by permission from T. E. Scruton, *The Elements of Mercantile Law*, pp. 4-16. (London: Wm. Clowes & Son, Ltd., 1891.)

ported as laying down any particular rule, because it was almost impossible to separate the custom from the facts; as a result little was done towards building up any system of Mercantile Law in England.

3. The construction of that system began with accession of Lord Mansfield (the third stage of development) to the Chief Justiceship of the King's Bench in 1756, and the result of his administration of the law in the Court for thirty years was to build up a system of law as part of the Common Law, embodying and giving form to the existing customs of merchants. When he retired, after his thirty years of office, Mr. Justice Buller paid a great tribute to the service that he had done. In giving judgment in *Lickbarrow v. Mason*, he said: "I should be sorry to find myself under the necessity of differing from Lord Mansfield, who may truly be said to be the founder of the Commercial Law of this country." Lord Mansfield, with a Scotch training, was not too favourable to the Common Law of England, and he derived many of the principles of Mercantile Law that he laid down from the writings of foreign jurists, as embodying the custom of merchants all over Europe. For instance, in his great judgment in *Luke v. Lyde*, which raised a question of the freight due for goods lost at sea, he cited the Roman Pandects, the *Consolato del Mare*, laws of Wisbury and Oleron, two English and two foreign mercantile writers, and the French *Ordonnances*, and deduced from them the principle which has since been part of the Law of England. While he obtained his legal principles from those sources, he took his customs of trade and his facts from Mercantile Special Juries, whom he very carefully directed on the law; and Lord Campbell, in his life of Lord Mansfield, has left an account of Lord Mansfield's procedure. He says:

Lord Mansfield reared a body of special jurymen at Guildhall, who were generally returned on all commercial cases to be tried there. He was on terms of the most familiar intercourse with them, not only conversing freely with them in Court, but inviting them to dine with him. From them he learned the usages of trade, and in return, he took great pains in explaining to them the principles of jurisprudence by which they were to be guided.

Since the time of Lord Mansfield other judges have carried on the work that he began, notably Abbott, Lord Chief Justice, afterwards, Lord Tenterden, the author of *Abbott on Shipping*, Mr. Justice Lawrence, and the late Mr. Justice Wille's; and as the result of their la-

bours the English Law is now provided with a fairly complete code of mercantile rules.

4. THE MARKETS AND SHOPS OF LONDON⁴¹

Not till long after London had become a chief resort of merchants do they seem to have made it a permanent residence for purposes of trade, and even then their dealings were carried on in public markets long before we hear of shops and warehouses.

The London of the Plantagenets—all included, of course, within the city walls, and then with plenty of vacant space in it—was full of markets. There were the Chepe, or West Chepe, now Cheapside, where bread, cheese, poultry, fruit, hides, onions, garlic, and like articles were sold by dealers at little wooden stalls, not more than two and a half feet wide, arranged along the roadside; and the Corn Hill, where grains and all articles manufactured of wood and iron were harboured at similar stalls; while Soper's Lane, now Queen Street, Cheapside, was the chief resort of the pepperers or grocers; and the Poultry, on the other side, was assigned to poulterers, who were freemen of the city, Leaden Hall being the special market for dealers in fowls and game, who were not citizens. The Pavement at Grace Church and the Pavement before the Convent of the Minorite Friars at New Gate were for miscellaneous dealings, and thither merchants of all sorts were allowed to come and take up their temporary stations. The market of Saint Nicholas Flesh Shambles, the precursor of our modern Newgate and headquarters of the butchers, and the Stocksmarket on the site of the present Mansion House, both of them furnished with permanent stalls, were appropriated to butchers on flesh days and to fishmongers on fish days. Near to the Stocksmarket was the yet more important mart of Wool-Church-Haw, close to Saint Mary Woolchurch, the great meeting-place of wool and cloth merchants, while in any part of the city, with the exception of Corn Hill, carts might stand loaded with firewood, timber, and charcoal. Dealers of all sorts, of course, might halt or loiter as they chose in the uninhabited suburbs of the city, in Moor-Fields, or on the banks of the Old-Bourne, by Fleet-Ditch or round the Holy-Well, midway in the dismal unfre-

⁴¹ Adapted by permission from H. R. Fox Bourne, *English Merchants*, pp. 17-19. (Chatto & Windus, 1886.)

quented Strand; and far away to the west, in the independent city of Westminster, was a nest of separate markets, the principal being at the gates of old Westminster-Hall.

As London grew and there was need of places for retail purchase nearer to the more out-of-the-way houses than were the central markets it became the fashion for tradesmen to throw open the lower front rooms of their dwelling-houses and stock them with articles for sale. In this way shops came into fashion. And in like manner, to make space for the storage of goods, many upper rooms came to be enlarged by pent-houses, or projections, reaching nearly into the middle of the street, but with their floors nine feet above the ground, "so as to allow of people riding beneath."

Much larger than these were the selds or shields, great sheds erected by the more important dealers for their single use, or by several merchants in company, for the sake of separate commodities. One in Friday Street, for instance, was, in Edward the Third's reign, appropriated to traffic in hides, while another, known as the Winchester Seld, adjoining the Wool-Church-Haw market, seems to have been the chief place of resort for the merchants of Winchester, Andover, and other towns, and to have been used by them for the stowage and sale of all sorts of goods.

As the numbers of markets, shops, and selds increased, the varieties of trades and callings, of course, became likewise more numerous. But the separation between wholesale and retail dealers, merchants, and tradesmen was much less clearly marked then than it now is; and those who bought goods in large quantities, either from foreign merchants for sale at home or from the English producers for exportation, for the most part dealt promiscuously in articles of all sorts. The divisions of commerce, however, were gradually becoming more distinct; and even now there was, at any rate, the one broad separation of trades in articles of food from trades in articles of clothing and the like.

5. PEDLARS, MERCHANTS, AND CHAPMEN⁴²

Wayfarers there were in whom were united both the slowness of pace of the merchant and the lightness of heart of the messenger.

⁴² Adapted by permission from J. J. Jusserand, *English Wayfaring Life in the Middle Ages*, pp. 231-44. (T. Fisher Unwin, 1892. Author's copyright.)

These were the *pedlars*, a very numerous race in the Middle Ages, one of the few sorts of wanderers that have not yet disappeared. A jovial race they seem to have been; they are so now, most of them, for their way to success is through fair speech and enticing words, and how could they be enticing if they did not show good humour and *entrain*?

They swarmed along the roads in the Middle Ages. There were not then as now large shops in every village with all the necessities of life ready provided for the inhabitants. The shop itself was itinerant, being nothing else than the pack of travelling chapmen. In the same way as the literature minstrels would propagate, as news, tales, letters, pardons from Rome, and many other things, so household wares were carried about the country by indefatigable wayfarers. A host of small useful things were concealed in their unfathomable boxes. The contents of them are pretty well shown by a series of illuminations in a fourteenth-century manuscript, where a pedlar is represented asleep at the foot of a tree, while monkeys have got hold of his box and help themselves to the contents. They find in it vests, caps, gloves, musical instruments, purses, girdles, hats, cutlasses, pewter pots, and a number of other articles. As to the means by which pedlars came by their goods, several were familiar to them, and purchase seems to have been only one among many.

The *regular merchants* whom Langland and Chaucer describe, with business enough to be in debt, adorned with Flaundrisch hats and forked beards, were a very different sort of people; but though no mere wanderers, they, too, were great wayfarers. Many of them had

DEVELOPMENT OF SPECIALIZED MIDDLEMEN	
Functions performed by the medieval merchant	Functions now performed by specialized middlemen
Transporting	Railroads, ship lines, etc.
Protecting	Police, army, navy.
Insuring	Insurance companies, etc.
Storing	Warehousemen
Advertising	Advertising agencies, newspapers, and other media.
Selling	Special salesmen.
Gathering information	Trade papers, government agencies, etc.
Financing	Financial institutions.
Etc.	Etc.

had to visit the Continent to find a market for their goods and for their purchases.

The importance of this intercourse with the continent, which fortunately the variations in the law of the land were unable to check, gave prominence to the English merchant in the community. He was already in the fourteenth century, and has been ever since, one of the main supports of the State. While the numerous applications of Edward III to Lombard bankers for ready money are well known, it is sometimes overlooked how often he had recourse to English merchants, who supplied him with that without which his archers' bows would have remained unstrung. The advice and good-will of the whole class of merchants could not be safely ignored, therefore their attendance was constantly requested at Westminster to discuss money and other State matters. Some families among them rose into eminence.

Below men in such exalted situation the bulk of the merchant community, *the chapmen*, throve as best they could. One of the necessities of their avocation was constant travelling. They were to be met about the roads almost as much as their poorer brothers, the pedlars. They also made great use of the watercourses and carried their goods by boat whenever there was any possibility. Hence the constant interference of the Commons with the erection of new mills, weirs, and other hindrances on rivers by lords of the adjoining lands. The reasons that merchants preferred such a conveyance were that the cost of carriage was less; except for the occasional meeting of unexpected locks and weirs, they were more certain than on ordinary roads to find before them a clear course; and they were better able to protect themselves against robbers. They could not, however, go everywhere by water and, willingly or not, they had to betake themselves to the roads and incur all the mischances that might turn up on the way or at the inn.

Between the "male" of these chapmen and the mere pack on the pedlar the difference is not very considerable; it is not very great either if compared to the "male" of the merchant we have met before, who travels slowly on account of it, and who is represented by the poet as the emblem of "men that ben ryche." So that these three links kept pretty close together the chain of the itinerant trading commu-

nity. They all had to go about and to experience the gaieties or dangers of the road, the latter being of course better known to the richer sort than to the poor Bob Jakin of the day. The reasons for this constant travelling were numerous; the same remark applies to merchants of the fourteenth century as to almost all other classes; there was much less journeying than today for mere pleasure's sake, but very much more, comparatively, out of necessity. We cannot underrate the causes of personal journeys which the post and telegraph, with the money facilities they have introduced, have suppressed. But besides this consideration, in the fourteenth century the staple and fairs were among the causes impelling merchants to move about.

6. THE STAPLERS, MERCHANT ADVENTURERS, AND REGULATED COMPANIES

The *staplers* were merchants who had the monopoly of exporting the principal raw commodities of the realm, especially wool, woolfels, leather, tin, and lead, wool figuring most prominently among these "staple" wares.⁴³ The merchants of the staple used to claim that their privileges dated from the time of Henry III, but existing records do not refer to the staple before the time of Edward I. Previous to this reign the export trade was mainly in the hands of the German Hanse merchants.

The *staples* were the towns to which the above-mentioned wares had to be brought for sale or exportation. Sometimes there was only one such mart, and this was situated abroad, generally at Bruges or Calais, occasionally at Antwerp, St. Omer, or Middleburgh. From the reign of Richard II until 1558 the foreign staple was at Calais. The list of home staples was also frequently changed.

The objects of the staple system were fourfold:⁴⁴

1. Primarily it was fiscal provision, its object being to facilitate the collection of the royal customs; and it is easy to see how much more simple a matter this collection would become if exportation were confined to a dozen English ports and one foreign centre, than if per-

⁴³ Adapted by permission from Charles Gross, *The Gild Merchant*, I, 140-47. (The Clarendon Press, 1890.)

⁴⁴ Adapted from B. E. S. Brodhurst, "The Merchants of the Staple," *Law Quarterly Review*, XVII (1901), 56-76.

mitted at the absolute discretion of the producer or the merchant. To the king it was a matter of personal interest that the duties should be paid, since his private expenditure depended in those days upon the customs, and he was accordingly willing to confer such privileges as would be likely to entice traders to comply with the regulations of the system.

2. In the second place, the staple system fulfilled a useful function by ensuring the quality of exported goods. Commercial morality was none too high in those days, and the average trader fully appreciated the maxim *caveat emptor*. He had not the ingenuity of his nineteenth-century successor, but such tricks as he knew for the undoing of the consumer he too often practised with energy and perseverance. The staple checked his activities in this direction by providing a machinery for viewing and marking merchandise at the staple towns and places of export.

3. Thirdly, the system seems at one time to have been employed to replenish the stock of gold in this country. The idea was that the English merchants trading at Calais should refuse to take payment for their wares except in the precious metals, thus enticing the coin of other countries into England. The means adopted may not accord with the economic principles of modern times, but there was possibly some justification for them in an age when there was not a constant flow of gold to our shores from Africa, America, and Australia.

4. Fourthly, the system provided a special tribunal designed "to give courage to merchant strangers to come with their wares and merchandise into the realm." The provision of a satisfactory machinery for the recovery of debts was, by the end of the thirteenth century, becoming a prime necessity of the growth of commerce, and the staple system afforded a convenient basis on which to build up a judicial procedure. Whenever a market or fair was held it had been customary from a very remote period that, when disputes arose as to the terms of a bargain, the questions at issue should be decided by four or five of the merchants present on the spot, who were expected to apply the principles and customs recognized as obtaining generally among the trading classes. This practice is referred to in a charter of Henry III. Justice, it was ordained, was to be done to the foreigner from day to day and hour to hour, according to the law of the staple or the law

merchant, and not according to the common law or particular burghal usages.

It is often assumed that English foreign commerce was almost completely, if not altogether, in the hands of aliens, at any rate until the fourteenth century was far advanced.⁴⁵ But there are grounds for believing that the extent to which English merchants carried on foreign trade and competed with aliens in earlier times has been greatly underestimated. They were by no means excluded from the export trade, and they had a greater share in the beginnings of English commerce than is usually recognized. As early as Stephen's reign the men of Newcastle had their own ships, and one rich burgess engaged in trading ventures with his own merchant vessels.

Among the different groups of English merchants who carried native wares to foreign countries the most prominent were the *Merchant Adventurers*, who rose to great commercial importance.

The *Merchant Adventurers* were trading capitalists; they were engaged in foreign trade and left the internal trade of the country in the hands of the livery companies. "No person of this fellowship," ran an ordinance, shall "sell . . . by retail . . . nor shall keep open shop." The government of the society appears to have been located, not in London, but on the continent. It has been stated that the Mercers of London formed the nucleus of the company, but in any case the members were drawn from many towns. "The Company of the

EARLY ENGLISH REGULATED COMPANIES

- 1554 Russia or Muscovy Company
- 1570 Cathay Company (first)
- 1579 Baltic or Eastland Company
- 1581 Turkey or Levant Company
- 1585 Morocco or Barbary Company
- 1588 African Company (first)
- 1600 East India Company
- 1606 London and Plymouth Companies
- 1609 Guiana Company
- 1610 Newfoundland Company
- 1612 Bermuda Company
- 1618 African Company (second)
- 1620 New England Company
- 1629 Company of Massachusetts Bay
- 1631 African Company (third)
- 1635 China or Cathay Company
- 1662 African Company (fourth)
- 1664 Canary Company
- 1670 Hudson Bay Company
- 1672 African Company (last)

⁴⁵ Adapted by permission from E. Lipson, *The Economic History of England: The Middle Ages*, pp. 486-92. (A. & C. Black, Ltd., 1915.)

Merchant Adventurers consisteth of a great number of wealthy and well-experimented merchants dwelling in divers great cities, maritime towns, and other parts of the realm, to wit, London, York, Norwich, Exeter, Ipswich, Newcastle, Hull, etc. These men of old time linked and bound themselves together in company for the exercise of merchandise and sea-fare, trading in cloth, kersey, and all other . . . commodities vendible abroad." At the end of the sixteenth century the Merchant Adventurers were said to number three thousand five hundred persons, "inhabiting London and sundry cities and parts of the realm." The Merchant Adventurers of other towns were to all appearance distinct but affiliated bodies.

The Merchant Adventurers constituted a *regulated company*, that is, membership was open to all who were willing to pay its admission fees and acquiesce in its authority. Within its sphere of influence the company had a complete monopoly of trade, and no outsider or "interloper" was tolerated. This monopoly was backed by the authority of the English state. It was intended to develop "a well-ordered and ruled trade" in which production was limited, prices were high and stable, and commodities were well-wrought. This was the ideal of mediaeval commerce. (See also page 156.)

7. THE QUALITIES REQUIRED IN A PERFECT MERCHANT OF FORRAIGN TRADE⁴⁶

I will briefly set down the excellent qualities which are required in a perfect Merchant.

(1) He ought to be a good Penman, a good Arithmetician, and a good Accomptant, by that noble order of Debtor and Creditor, which is used only amongst Merchants; also to be expert in the order and form of Charter-parties, Bills of Lading, Invoyses, Contracts, Bills of Exchange, and Policies of Ensurance.

(2) He ought to know the Measures, Weights, and Monies of all forraign Countries, especially where we have Trade, and the Monies not onely by their several denominations, but also by their intrinsique values in weight and fineness, compared with the Standard of this Kingdome, without which he cannot well direct his affaires.

⁴⁶ Extract from Thomas Mun, *England's Treasure by Forraign Trade*, pp. 2-5. (Glasgow: R. & H. Foulis, 1664.)

(3) He ought to know the Customs, Tolls, Taxes, Impositions, Conducts and other charges upon all manner of Merchandise exported or imported to and from the said Forraign Countries.

(4) He ought to know in what several commodities each Country abounds, and what be the wares which they want, and how and from whence they are furnished with the same.

(5) He ought to understand and to be a diligent observer of the rates of Exchanges by Bills, from one State to another, whereby he may the better direct his affairs, and remit over and receive hoem his Monies to the most advantage possible.

(6) He ought to know what goods are prohibited to be exported or imported in the said forraign Countreys, lest otherwise he should incur great danger and loss in the ordering of his affairs.

(7) He ought to know upon what rates and conditions to freight his Ships, and ensure his adventures from one Countrey to another, and to be well acquainted with the laws, orders and customes of the Insurance office both here and beyond the Seas, in the many accidents which may happen upon the damage or loss of Ships or goods, or both these.

(8) He ought to have knowledge in the goodness and in the prices of all the several materials which are required for the building and repairing of Ships, and the divers workmanships of the same, as also for the Masts, Tackling, Cordage, Ordnance, Victuals, Munition, and Provisions of many kinds; together with the ordinary wages of Commanders, Officers and Mariners, all which concern the Merchant as he is an Owner of Ships.

(9) He ought (by the divers occasions which happen sometime in the buying and selling of one commodity and sometimes in another) to have indifferent if not perfect knowledge in all manner of Merchandise or wares, which is to be as it were a man of all occupations and trades.

(10) He ought by his voyaging on the Seas to become skilful in the Art of Navigation.

(11) He ought as he is a Traveller, and sometimes abiding in forraign Countreys to attain to the speaking of divers languages, and to be a diligent observer of the ordinary Revenues and expences of

forraign Princes, together with their strength both by Sea and Land, their laws, customs, policies, manners, religions, arts, and the like; to be able to give account thereof in all occasions for the good of his Countrey.

(12) Lastly, although there be no necessity that such a Merchant should be a great Scholar; yet is it (at least) required, that in his youth he learn the Latine tongue, which will the better enable him in all the rest of he endeavours.

Thus have I briefly shewed thee a pattern for thy diligence, the Merchant in his qualities; which in truth are such and so many, that I find no other profession that leadeth into more wordly knowledge.

8. METHODS OF MARKETING ABROAD⁴⁷

Five methods of marketing abroad were devised by the merchant: (*a*) travelling merchant, (*b*) supercargo, (*c*) factor, (*d*) foreign resident commission house, and (*e*) branch house. This is roughly the historical order by which they rose to importance.

Merchants.—The earliest merchants either were captains and masters of ships or were merchants who accompanied their goods, the cargo of another's ships. As such they attended and did their own buying and selling abroad. The differentiation of the merchant function and the ship-master function, and, further, the ship-owner function was in process during the seventeenth and eighteenth centuries. So long as the practice was for the merchants to accompany their cargoes very strait limitations were thus put to the volume of business that could be done; few voyages could be made in a year; foreign connections had to be made each time; few markets could be reached; business abroad was spasmodic; business at home was interrupted by their going away; and so forth. By reason of such inconveniences a recourse was had to the supercargo.

Supercargo is defined as an agent "confined to the sale of goods under direction on some voyage, and it may be the purchase of others, in conformity with the orders his employer may give him." The merchant prepared and shipped the cargo in his own or another's ship and

⁴⁷ Adapted by permission from R. B. Westerfield, "Middlemen in English Business," *Transactions of the Connecticut Academy of Arts and Sciences*, XIX, 351-61. (Yale University Press, 1915.)

sent a supercargo to conduct the sales abroad; the return cargo was bought, prepared, shipped, and accompanied by the supercargo. This system of agency was necessitated in the period before international bills and machinery of exchange had been instituted between the countries trading.

Factor.—A factor is a merchant's agent, residing abroad, constituted by letter of attorney, to transact the business of purchasing, selling, transporting, and exchanging, that shall be committed to his care by his principal.

The chief functions of the factor were stated in the definition of the term: he cared for the commercial interests of his principal in the port where he resided. The sale of the cargoes consigned to him and the purchase of return cargoes were his prime business; but scarcely less important were the accessory business of insurance, exchange, packing and lading, paying customs, etc., collecting debts due his principal, securing and maintaining the favor of foreign princes and mercantile houses, and the various other business attendant upon foreign negotiation. A factor was free to serve several merchants, principals simultaneously, in which case the risk of his actions was joint. By means of factors the merchants were enabled to negotiate with the whole world without leaving their stores or accounts; by correspondence they learned the relative dearth and abundance of goods in its different parts, and by correspondence the principal directed a consignment of goods from one of his factors to another. The settled residence of the factor in the section in which he operated was a distinct advantage over the supercargo system; he had opportunity for furthering his principal's interests without interruption; his residence gave him credit and clientele as well as better insight into the needs of the people and methods of dealing with them, and in many places he was able to effect political changes in his district highly beneficial to his business.

Commission house.—The line of demarcation between factor and commission house cannot be absolutely drawn, because a commission merchant is a factor. A commission house buys and sells in foreign trade, in its own name, for a number of principals a variety of goods, on commission. It receives the goods by consignment from a mer-

chant or manufacturer. It is entrusted with the possessions, control, management, and disposal of the goods sold. It does business in its own name but on the account and at the risk of the principal.

These houses are houses of reputation, capital and credit. They allow the consignor to draw on them for a large per cent of the value of the goods consigned, immediately upon receipt. Such advances require large capital on the part of the consignee. They store the goods, sell them in their own name, and guarantee payments of the accounts to the consignor. They carry out the shipping details, caring for lading, shipping, insurance, commercial papers, etc. They also buy goods upon order from foreign houses, and finance and ship the order, collecting their outlay from the consignee. Their profits arise from the commission paid, interest on their outlay, insurance, profits, etc.

Branch house.--A merchant firm may conduct other houses of like kind abroad and use these as means of carrying on their foreign business. Such branch houses have distinct advantages which recommend them to modern business. A branch house permits foreign customers to fill orders without delay or the formalities connected with long distance ordering, and to order small quantities; it impresses the customer with a feeling of security in the responsibility of the distant firm; by it mistakes and disputes are easily adjusted and redress effected without delay which a long tedious correspondence entails; and it may carry a limited stock of goods, and quote two prices, one for prompt shipment from the branch, the other for shipment from the home office.

9. MEDIAEVAL AND EARLY MODERN BUSINESS ASSOCIATIONS⁴⁸

The need of association was felt especially in the Middle Ages because it was necessary that a merchant or his representative should accompany his wares on the road. It was often difficult for a merchant to look after a commercial venture in person; he could not trust it to a hireling; and the slight development of the carrying and commission profession made it impossible for him to leave it to a class of persons who nowadays make it their business to attend to such matters. The merchant would choose by preference a member of his fam-

⁴⁸ Adapted by permission from Clive Day, *A History of Commerce*, pp. 115-17, 143-48. (Longmans, Green & Co., 1912.)

ily, and family partnerships were the prevailing form of association at first. With the growth of commerce, however, greater freedom of association was demanded, and the group ceased to be limited by considerations of relationship.

By joining together, two or more men could follow different lines; one would stay at home while another could accompany the wares, and perhaps still another could attend to sales in a distant city. The advantages of this are apparent, and of not less importance are the benefits arising from the better utilization of capital. A person who had accumulated wealth, but who, on account of advanced age, physical disability, or other circumstance, could not himself employ it in commerce, would join with him a man who contributed to the enterprise the necessary business activity.

Capitalists gained also in another way, for they were enabled by association to share the risks of an enterprise. A man who put all his money into one ship or cargo ran the risk of being ruined; the dangers in the path of commerce were by no means slight. By distributing his capital in a number of enterprises, however, as could easily be done if he entered into association with others, he could hope to make up for any probable loss by the profits of his successful ventures, and can be regarded as insuring himself. We find, in fact, that the shipping business was for the most part carried on in this way.

The commenda.—Commercial association took ordinarily the form of a “commenda” (Latin *commendare*, entrust). The “commendator” contributed capital in the form of money, wares, or a ship, while the other party, called the “tractator,” contributed only his personal services to the enterprise; of the profits one fourth went to the tractator and the remainder to the commendator. The tractator who saved his earnings could in time also contribute capital, and was given a greater share of the profits and more freedom in conducting the business.

The ordinary partnership.—The commenda, corresponding to a “silent partnership,” was older and of more importance in commercial undertakings than the ordinary partnership of the present day; but the latter form of association grew up also at this time, and was used in commerce as well as in industry. The different forms of part-

nership developed especially in Italy in the last few centuries of the Middle Ages, when the growth of commerce was most rapid, and they became extraordinarily extensive and important. From Italy the practice of association spread to the North of Europe, and it became practically universal in commercial undertakings.

The regulated company.—We have now to study the rise of the regulated companies which form a connecting link with the corporations and trusts of the present day. (See also page 150.)

Among the reasons for the rise of great commercial companies the following are to be noted: (1) Distant commerce was exposed constantly to armed attack. It was essentially military in character, and required for successful prosecution greater military force than a small group of men could afford. (2) Partly because of dangers suggested above, partly because of the natural perils of the sea under the conditions of navigation at the time, partly because of the very novelty of the trade, distant commerce was very hazardous. If five men sent out a ship they might make a great fortune, but they might lose everything. If they associated themselves with ninety-five others and together sent out twenty ships they were pretty sure to lose some of these, but they were pretty sure to make from the other ships enough to return large profits.

We must note further, however, that these associations were required by European governments, that a certain field was assigned to each company in which it was given a monopoly, and that in this field trade by individuals and by other associations was prohibited. The reasons for this course were, in brief, as follows:

1. The peoples of distant countries did not distinguish between individual merchants. As all Chinamen look alike to us, so all Englishmen or even all Europeans were alike to them. An unscrupulous trader who cheated, robbed, or killed a native, escaped the consequences of his crime and left them to be borne by his countrymen who sought later to carry on the trade. The home government could not punish such offences, and it could not afford to let them continue. It secured, therefore, that a man proposing to trade to a distant country should have an interest in the permanent welfare of the trade, by making him contribute money to the association and subscribe to its rules.

2. The government could diminish the risks of distant commerce by assuring merchants who spent money in building up a trade that they should not be deprived of the fruits of their labours by newcomers who had made no sacrifices. It seemed as proper to encourage in this way the investment of capital in commerce as to encourage investment in manufactures by granting patents.

3. Finally, governments were led naturally to apply the prevalent ideas of gild regulation to distant commerce, and found some practical advantages in doing this; it was easier to tax and to regulate an association of men than a number of individuals.

Many of the objects enumerated above could be obtained by union in what was called a "regulated company." The regulated company had a monopoly of a certain field of trade, and established regulations which were binding on the members trading in that field. Everyone, however, who secured admission by paying the entrance fee and promising obedience to the rules, traded thenceforth with his own capital, and kept his profits for himself; there was no pooling of capital or profits. The character of such a company may be suggested to readers by the organization of the modern stock exchange. No one who is not a member can trade on the exchange, and every member is bound to follow certain rules in his dealings, but every member keeps his capital and profits distinct from those of the others.

The future of European commerce, even of European civilization, depended on some solution which would make from the individual impulse to gain, the instinctive selfishness of every man, a collective force which would enable a number of men to work for gain together. The partnership had united the interests of a very few men, simplifying the problem by starting with members of the same family, who were naturally bound together. The relation of merchant and factor was another move in the right direction, as it united in loyal support of each other two men separated by considerable distance, and with no other common interest than that of their business. The principle of association must, however, be extended far beyond the bounds of factorship, or partnership, or of the regulated company, if Europe was to rise to the opportunity presented by trade with distant countries.

The joint-stock company.—The problem, reviewed briefly, was

to get: (*a*) a permanent stock of capital, (*b*) so large that it must be contributed by a very considerable number of people, (*c*) under the management of a few people who would employ it efficiently and for the advantage of all the contributors. The solution was the joint-stock company. Early examples of this form of association are to be found in Italy, but it developed north of the Alps only after the founding of the Dutch and English East India companies about 1600.

Let us see how the stock company meets the demands for an improved form of association which were imperative at this time. (1) It insures permanence of operation. Individual stockholders or managers may die, but the company does not die with them; their places are filled, and the company continues with its original capital. (2) The contributor does not, like a partner, need to be a business man; does not, like a silent partner, need to have especial trust in the person of the managers. The contributor may be a foreigner, a child, or a woman, and the sources from which capital may be drawn are thus immensely extended. (3) Capitalists of every class are willing to contribute to the undertaking because of the peculiar safeguards which this form of association offers to them. In the first place, though the investment is permanent, from the standpoint of the company, and so enables the management to carry out far-sighted plans, yet it endures, from the standpoint of the individual subscriber, only so long as he pleases. The system of transferable shares enables a stockholder to sell out his interest at any time, and so change his investment. In the second place, the stockholders have a voice in the management of the company proportionate to their interest in it. They choose the persons to whom they will intrust the active direction of affairs, require periodical reports on the course of business from the managing directors, and have the power to change the directors if the conduct of affairs is not satisfactory.

The reader would err if he assumed that all the advantages suggested above were secured immediately on the founding of the first stock companies. Experiments of various kinds were tried at the start and only gradually did the companies take the form which they have assumed in modern law. The English East India Company, for instance, which was founded in 1600 as a regulated company, was made over into a joint-stock company by degrees, and could not be

regarded as permanently established on this basis for over fifty years. Generations of bitter experience were required to teach people the possible dangers as well as the possible benefits of this form of association.

Incompetence and corruption were prevalent in the management of affairs. The worst abuses of our modern corporations give one but a faint idea of the enormities that were perpetrated in the early period of joint-stock history. In spite of all, the joint-stock companies accomplished the purpose for which they were created; they attracted capital at home, stimulated the prosecution of a definite policy abroad, and extended commercial interests as individuals or other forms of association would have been unable to do.

10. TECHNICAL REQUISITES FOR THE TRANSPORTATION OF GOODS⁴⁹

For the existence of commerce as an independent occupation, specific technological conditions are prerequisite. In the first place there must be regular and reasonably reliable transport opportunities. One must, to be sure, think of these in the most primitive possible terms through long ages. Not only in the Assyrian and Babylonian times were inflated goat skins used for the diagonal crossing of rivers, but even in the Mohammedan period, skin-bag boats long dominated the river traffic.

On land the trader had recourse far into the middle ages to primitive transport media. The first was his own back, on which he carried his goods down to the 13th century; then pack animals or a two wheeled cart drawn by one or at the most two horses, the merchant being restricted to commercial routes as roads in our sense are not to be thought of. Only in the east and in the interior of Africa does caravan trade with slaves as porters appear to occur fairly early. In general even there, the pack animal is the rule. The typical animal of the south is the ass or the mule; the camel does not appear until late, in the Egyptian monuments, and the horse still later; it was originally used for war and found application in the transport of goods only in more recent times.

Traffic by sea had to make use of equally primitive means of

⁴⁹ Adapted from M. Weber, *General Economic History*, pp. 199-201. (Adelphi Company, 1927.)

transportation. In antiquity, and likewise in the early middle ages, the boat propelled by oars was the rule. The construction we must picture as very clumsy; we find mention of the cords with which the plank boats had to be held together or they would break apart. It is true that sailing goes back so far that its invention cannot be determined, but it was not sailing in the sense that the term now bears. Originally it served only for supplementing the oars when winds were favorable, while tacking against the wind seems to have been still unknown in the early middle ages. The Eddas contain only a doubtful reference to it and it is doubtful whether the first use of tacking is to be ascribed to Andrea Doria as medieval tradition had it. From Homer and still later sources we learn that the ships were not so large but that they could be pulled up on the beach when a landing was made each evening. The anchor evolved very slowly in antiquity, from a heavy stone to an instrument in the form customary today. Shipping was at first of course purely coastal traffic; deep-sea navigation is an innovation of the Alexandrian period and was based on the observation of the monsoon. The Arabs first ventured to try to reach India by allowing it to drive them across over the open sea. Nautical instruments for determining location are among the Greeks the most primitive imaginable. They consisted of the odometer which in the manner of a sand glass allowed balls to fall whose number indicated the miles passed over and the "bolis" for determining the depth. The astrolabe is an invention of the Alexandrian period and not until that time were the first lighthouses established.

Shipping in the middle ages, like that of the Arabs, remained technically far behind Chinese practice. The magnetic needle and mariner's compass which were applied as early as the third and fourth centuries in China, were not known in Europe until a thousand years later. After the introduction of the compass in the Mediterranean and Baltic seas it is true that a rapid development began. However, a fixed steering rudder behind the ship was not universal until the 13th century. Rules of navigation were a trade secret. They were objects of bargaining down to the days of the Hansards who in this connection became champions of progress. The decisive forward steps were the advances in nautical astronomy, made by the Arabs and brought by the Jews to Spain, where in the 13th century Alfonso X had the

tables prepared which are known by his name. Compass maps were first known from the 14th century. When at that time the western world took up ocean navigation, it was confronted by problems which for the time being it had to solve with very primitive means. For astronomical observations the pole star offered in the north a tolerably secure basing point while in the south the Cross long served for orientation. Amerigo Vespucci determined longitude by the position of the moon. At the beginning of the 16th century its determination by clocks was introduced, these having been so far perfected that it was possible to determine longitude approximately by measuring the difference between their time and that shown by the sun at midday. The quadrant by which latitude could readily be determined seems to have been first used in 1594. The speed of ships corresponded to all these conditions. There was an extraordinary change on the introduction of sailing in contrast with the row boat. Yet in antiquity the stretch of sea from Gibraltar to Ostia required from eight to ten days, and the stretch from Messina to Alexandria about as long. After the English developed effective sailing methods in the 16th and 17th centuries, there were sailing ships which were not so far behind moderately fast steamers, although their speed was always dependent upon the wind.

11. TRAVEL IN THE MIDDLE AGES⁵⁰

Travelling at that time was very different from what it is now, and we who have only to sit in a railway train and let it carry us to our destination can hardly conceive the difficulties of a journey then. The condition of the roads in busy thriving towns was far worse than anything which could be seen in the tiniest village today.

One of the reasons for this lamentable state of things was the difficulty of forcing those responsible for the upkeep of the roads and bridges to fulfil their obligations; it was one of the duties of Feudal landowners, but they often neglected it, and as the Feudal System decayed there were fewer of them to perform it. Money was often given or bequeathed by pious persons for the maintenance of roads and bridges; it was regarded as a species of almsgiving and considered quite as praiseworthy as feeding the hungry or clothing the naked,

⁵⁰ Adapted by permission from A. Abram, *English Life and Manners in the Later Middle Ages*, pp. 248–59. (George Routledge & Sons, Ltd., 1913.)

but contributions of this kind were by their nature spasmodic and uncertain.

Even more to be dreaded than the risk of injury from accidents were the attacks of robbers.

The majority of people travelled on horseback, probably because it was the method best suited to the roads. In the fifteenth century women rode either side-saddle or astride, and sometimes "be-hynde a man"; they (and men too) had big saddles with high pommels and, in pictures, look as if they were sitting in chairs on the horses' backs, and perhaps the pommels kept them in their seats when their steeds stumbled. Low two-wheeled carts, drawn by two, three, or even four horses were much used, and from an illustration in Lydgate's *Faile of Prynces* it appears that wooden erections with open sides and covered tops were sometimes placed inside them, but as we have not seen any other carts of this kind in other manuscripts they may have been due to the imagination of the illuminator. A few rich people, like the Duchess of Buckingham and the Earl of Derby, had carriages. In 1485 Henry VII entered London in a closed "chariot" drawn by several horses; state carriages were expensive luxuries, one made for Eleanor, sister of Edward III, cost £1,000. Such carriages were very elaborately decorated both inside and out, as may be seen in a picture of a coach in the *Lutterell Psalter*, but they were very heavy and cumbersome and must have jolted horribly over those badly made roads. Horse-litters were also used by grandes. Merchants who had purchased wares, and nobles who were moving from their country seats to their town houses, had a great deal of luggage; it was packed in chests or mails and was carried either by baggage-horses or in carts.

The rate of travelling was as a rule somewhat slow. The Canterbury pilgrims took from three to four days to go from London to Canterbury, a distance of fifty-four and a half miles.

Roads were not the only means of communication between different places; waterways were very much used. When there was no river available people put out to sea and sailed along the coast from one port to another.

Persons too poor to keep horses or too ill to sit upon them must have found the boats that went up and down the rivers a great convenience, for the cost of travelling by them was smaller, and the mo-

tion far less fatiguing, and it was perhaps easier for men in a boat than for men on land to defend themselves against attack. But even on the rivers travellers were not always safe; a complaint was made in the reign of Henry VI that Welshmen and other persons dwelling near the Severn had seized boats on that river, had "hewed" them in pieces, "and with force and arms" had beaten the people in them.

Travelling by sea had many drawbacks; little sailing vessels such as they had could easily be driven out of their course by the wind, and so often did this happen that the Magnus Intercursus, Henry VII's great commercial treaty with Flanders, contained a clause stipulating that English fishermen who took shelter in Flemish ports on account of storms or for any other reason should be allowed to depart freely. There was also, of course, the graver danger of shipwreck, which was greater than it is today because their ships were so much more fragile than ours, and there were many minor discomforts; our big steamers remain comparatively steady even in a fairly heavy sea, and everything that science can suggest is done to prevent them from rolling, but their light craft must have been tossed like cockle shells when there was any swell.

Pirates were always on the lookout for plunder; there were numbers of them, and the English, French, and Italians were particularly active. The Bretons on one side of the Channel and the English on the other made "the narrow sea" a terror to sailors. Many of our south coast towns were nests of pirates. No one was safe from them, and they were not content with stealing men's goods, but sometimes seized their persons also and imprisoned them until ransoms were paid, and occasionally they murdered their victims.

12. CARRIERS AND COMMUNICATORS, 1660–1760⁵¹

Carriage by wagon and cart increased as the roads were improved. Wagoners brought wool and cloth to London by regular time-schedules in 1706 and this was spoken of as a "wonted" practice. In 1745 many farmers and others kept teams and carriages for hire to others to bring corn, meal, and malt to London, and carry back coal, groceries, wine, salt, iron, cheese, and other heavy goods for the shop-

⁵¹ Adapted by permission from R. B. Westerfield, "Middlemen in English Business," *Transactions of the Connecticut Academy of Arts and Sciences*, XIX, 362–69. (Yale University Press, 1915.)

keepers and tradesmen of the country. It was said that there were in London in 1770 a hundred and fifty inns at least for the reception of such commodities and provisions as were brought thither by land in wagons out of the country, and that these returned at stated times with London commodities.

A kind of stage-coach was introduced into London in 1608. This hackney-coach soon acquired a "general and promiscuous use" in the city and spread into the country. By 1685 there had become established a system of stage-coach service between London and important termini scattered over England, and even Edinburgh. Schedules of times and rates were published. Many private parties took up the occupation of common carrier; they owned stage-coaches of their own, had regular places and times of departure and arrival, and sought public patronage by advertising. The "Stage-coachmen upon the grand roads of England" were derived from and fostered by other trades, such as the innholders, the coach and harness makers, and the licensed coachmen of London. The rise of the stage-coach was opposed by a large part of the people on the grounds that it would destroy the breed of good horses, destroy good horsemanship, lessen the king's revenues, etc.; but it became the most common means of travel in the eighteenth century.

Another line of carrier activity pushed by the trading classes was the postal service. The early English post office had a political and military origin, but the carriage of mail for private parties was used to help defray the expense of the royal mail. In 1638 Thomas Withering laid the basis of modern postal systems; his reforms were to provide for the carriage of private letters at fixed rates, to increase the speed of the posts, and to put the post office on a successful financial footing.

The tradesmen found several particular uses for the mails besides their regular correspondence. One was the carriage of certain light goods by post, such as laces, diamonds, etc. Another was the device introduced by the Bank of England in 1738 to facilitate the transmission of large sums of money by post called "Bank Post Bills"; the notes were payable at seven days' sight so that in case the mail was robbed the parties might have time to stop payment of the bills. Still another use was the transmission of mercantile papers and bills re-

ceivable and payable. Special forms of assignation or indorsement were invented to insure against robberies or loss of the mails. Lastly, a very important usage was the sending of patterns and samples by mail. It is probable that the franking privilege as it was abused in the eighteenth century was of itself a considerable inducement for a merchant to enter public life.

A final method of mercantile communication must be mentioned, viz., the newspaper. The first *Weekly Newes* appeared in 1621. The first business advertisement in a newspaper dates from 1658. The average number of newspapers sold annually in England 1751–1753 was 7,411,757, and in 1760 it was 9,464,790. This was surely a prodigious increase in the circulation of news over what it was a century earlier.

The commercial and business uses of newspapers consisted in diffusing the political events of the day at home and abroad; in communicating consular letters and essays on trade, as well as reports of the markets and the movement of ships; and, lastly, in advertising. Advertising in newspapers after its start in 1658 made rapid progress. In 1675 a mercury was devoted to "Advertisements Concerning Trade," and was followed in 1679 by a gratuitous sheet of advertisements for "promoting Trade," trusting for profit to the payment for insertions only. The increase in the number and influence of the newspapers improved their value as means of advertising. The advertisements lacked the attractive qualities of the modern type, but related to a wide range of subjects and interests. By the middle of the century advertising in newspapers had become quite the universal practice of the merchant, trading and moneyed classes.

Summary and conclusions.—In the foregoing paragraphs effort has been made to demonstrate that between 1660 and 1760 in particular, extensive developments were made in the means of communication and transport; that these means were of increasing service to the trading class; and that they were fostered by this class.

One result of this general progress in communication and transport was to widen the market area. The transport of goods, people, and news was the basal and causal element in the expansion of business before 1760. The means of production in workshop and farm were practically unchanged. The increase in the volume of products was in response to the larger market, made possible by better com-

munication, and stimulated by lower prices, larger variety, and suggestive advertisements. But the larger volume of goods passing from producer to consumer wrought not only a greater occasion for the middleman, but also effected a further differentiation of the middleman: branches of the trade which hitherto could not support a specialized agent could now afford a profitable employment for him.

A second result was to concentrate trade in the most convenient ports and inland markets and cause a decline in the local market town and fair. London, Bristol, Liverpool, and Leeds became wholesale centers, discharging goods to provincial retailers. They also became centers of a more general trade, places of mutual exchange of goods from all parts of the kingdom. The mechanism of trade became most complex at these points, and the larger volume of wares that came thither furthered the complexity by enabling the middlemen to differentiate. Warehouses became a necessary complement to these wholesaling centers, and the capitalistic, speculative middleman played a larger rôle. Factors became a common class seated in the Exchanges of these cities.

A third result was to render commerce more sensitive and more responsive to local or individual needs. Local dearths and surpluses were more readily equalized. Differences in prices were reduced by the fall in the price of carriage. Business arose where none heretofore could exist. More rapid and reliable information about methods of production, markets, changes in price and trade reduced distances practically. Sectionalism and local jealousies and customary self-sufficiency were supplanted by commercial unity. The nation became metropolitan. The business men of the cities controlled the pulse of a trade that flowed to and from all parts of the kingdom.

13. CURRENCY, CREDIT, AND BANKING

A. IN THE MIDDLE AGES⁵²

One of the serious obstacles to the development of commerce was the character of the currency in the various countries of Europe. Assuming that the reader appreciates the importance of money as facilitating the operations of exchange and knows the qualities of

⁵² Adapted by permission from Clive Day, *A History of Commerce*, pp. 118-21. (Longmans, Green & Co., 1912.)

good money, we may confine ourselves to pointing out some of the characteristic faults of mediaeval currency.

1. Merchants could not rely upon the government to maintain the standard of value. In many countries the kings debased the coinage again and again to secure the means of carrying on war or paying public expenses of other kinds. Every debasement, as it left the coins with less pure metal, lowered their purchasing power and raised prices; many innocent people suffered, and everybody grew reluctant to make bargains and contracts.

2. In many countries, especially those on the Continent, the privileges of the great feudal lords included the right to keep a mint and to issue coins. The central government restricted this right as it grew stronger, but in general the currency of mediaeval Europe was made up of a vast variety of coins of standards even less reliable than that of the king's coinage. There was danger that a coin, even if it was of good weight, could not be passed at its full value outside the locality where it was minted.

3. Even in countries like England, where feudal coinage was put down and where debasement by the government was exceptional, counterfeits were not rare, and the clipping of coin was very common.

These characteristics of mediaeval currency made the money-changer a necessary figure in the commercial world; he was to be found everywhere, even in the small towns, buying and selling the various coins in circulation.

While the money-changer facilitated payments in any given place, he was not of much assistance to a merchant desirous of making a payment in a distant town or country. The merchant, it is true, could buy from him foreign money with which to make the payment; but the transportation of the actual coin was not only dangerous and expensive, but also subject to legal restriction, and was to be avoided if possible. The merchant would probably prefer to send instead of money some ware which he could sell to advantage at the destination, and then with the proceeds make his payment. For example, when Michael Behaim of the Nuremberg Company wanted to send 1,000 gulden from Breslau to Nuremberg, he found it expedient to buy an amount of wax which he could sell in Nuremberg for the required sum, and he shipped that instead of money.

It might not, however, always be convenient for a man to meet his obligations in this way; he might not have the commercial knowledge, or perhaps he might have no good opportunity to ship a ware. Behaim, in the case cited, had in fact resorted to the wax shipment only from necessity, after he found it impossible to make his payment by the means of remittance now become general, the *bill of exchange*. It was not until the thirteenth century that bills of exchange were used to any considerable extent; then they were developed in Italy and spread from there.

In Italy, also, the money-changers developed other forms of banking. As they were dealers in money, business men in want of capital for their operations naturally sought it of them. The money-changers might lend it from their own stock or act as brokers and secure the money from some man who had a surplus. The short step from this to the common form of modern banking was made when merchants deposited their surplus cash with the money-changer, and he had thus a considerable stock which he could lend so long as he kept sufficient reserve to meet the demands of depositors. It soon became unnecessary for money to pass at all in large transactions. A man could get a loan from a bank simply by having a deposit ascribed to him on the books and could assign this loan to others as he chose to pay it out. The characteristic danger of banking, the attempt to make a great deal of credit out of a little capital, appears early in Italy, with its results of failures and crises. The advantages of the banking system, however, the economizing of time and money, and the facilitating of business operations were so clear that banking kept its place and spread, toward the close of the Middle Ages, from Italy to other countries.

B. AFTER 1650⁵³

With minor exceptions the great system of modern credit in the business life of the English people arose in the century before 1760. International exchange, book-credit, promissory notes, and a few other representatives of credit had a meager use before 1650, but the real age of credit was inducted by the goldsmith banker during the Civil War and the Puritan régime.

⁵³ Adapted by permission from R. B. Westerfield, "Middlemen in English Business," *Transactions of the Connecticut Academy of Arts and Sciences*, XIX, 369-82. (Yale University Press, 1915.)

Book-credit was the simplest, earliest, and most general form of credit. Nearly every seller was likely to grant credit of this kind occasionally or customarily to buyers. Traders bought on time rather than borrow money directly at interest; in fact the two practices were alike, except that book-credit usually drew a higher but implicit rate of interest, double or more. Shopkeepers and larger tradesmen and merchants carried running accounts with one another and with their customers. The clothier was a considerable giver and taker of this sort of credit.

Loans attested by promissory notes were facilitated in two respects about 1700. Greater security was provided by the introduction of fire-insurance. It at once became the practice to refuse to lend money upon houses unless they were first insured; by 1723 it was said that not one in a hundred would lend otherwise. A means of greater security was also procured by the initiation of a system of public registry of deeds, mortgages, and conveyances. The country gentlemen had suffered many inconveniences and abuses in borrowing money on their land's security. The passage of this law gave a legal standing to a registered mortgage which made it sound collateral for loans.

Banking was inaugurated by the goldsmiths. They had long done a pawnshop business in connection with their smith work. About 1645 they became buyers and exporters of bullion. During this period of insecurity due to the civil wars the merchants deposited their cash and plate with the goldsmiths for safekeeping. By an inducement of four pence a day interest paid on deposits they soon acquired large holdings, and set up "running cashes," making loans to merchants and others for weeks and months and trusting "some to come as fast as others were paid away." By discounting merchants' bills of exchange at high interest they made a considerable profit. They loaned to Cromwell and Charles II; loaned on pawns and bottomry; loaned on "notorious Contracts, or upon personal Securities from Heirs whose Estates" were "in expectancy"; the rates in these cases were exorbitant.

In 1677 the list of all the goldsmiths keeping "running cashes" numbered forty-four. From this time to 1690 there was a progressive differentiation between banking, pawn-broking and goldsmithing. Francis Child, "The Father of the Profession," was the first to devote himself exclusively to banking.

It seems that the fundamental purpose or function of banks was the transfer of ownership of money by the assignation of deposits, "without the danger and trouble of keeping, carrying, or telling it." The original of this was likely the use of safety deposit vaults as depositories for valuables. The goldsmiths performed both these services. They received on deposit gold and silver plate and coin, as well as government tallies, and gave the depositors book-credits and notes. The earliest known record of a goldsmith's note issued for an amount of money deposited with him dated from 1667. These were the original of the modern bank-note. The principle of the check and check-system was also devised at this time by the goldsmiths.

Throughout the latter half of the seventeenth century there was a growing demand for a commercial bank as an aid to merchants. It appears that the merchants resorted to the goldsmiths with reluctance but the dispatch of trade forced them, in spite of extensive losses, to use goldsmiths' notes.

In 1676 there was formulated a plan for a "Bank of Credit" and proposed to the Mayor, Aldermen, and Common Council of London. After several examinations it was undertaken as a project "highly conducing to the general good." It provided for a subscription to a fund under the care and management of trustees chosen by the subscribers; and "many Considerable and Wealthy Inhabitants" subscribed a "Fund more Substantial than any Bank abroad." Subscriptions were paid in kind, e.g., tin, lead, copper, iron, raw silk, wool, cotton, etc. These wares were put in warehouses provided for the purpose, for one year, and substitutions of other goods were allowed during the year. Credit was allowed on such deposits up to two-thirds or three-fourths of their market value, depending on the durability of the goods and the stability of price. The "bank" failed in 1683.

The Bank of England was founded in 1694 primarily as a revenue measure to sustain the government of the Revolution in its foreign wars. The Bank at once became "the very heart of the economic life of the country," and performed invaluable functions with commerce.

The Bank added to the available capital of the country and gave wider opportunity for trading on borrowed capital. In conjunction with the reform of the currency in 1696 it corrected the disadvan-

tageous rate of foreign exchange. But it did not perform as many functions as commercial banks might and many extensions of service were suggested, such as advances to importers to pay duties, loans on landed security, etc. By the middle of the eighteenth century, however, it was agreed that the methods of business employed by the Bank of England were more satisfactory to the commercial world than those of any foreign country.

Banking institutions extended themselves very little in the first half of the eighteenth century. The following numbers of banks existed: in 1677, 44; 1738, 21; 1754, 18; 1763, 23; 1736, 21; 1740, 28; 1759, 24; the fluctuations were caused by failures, amalgamations, and foundations.

Hello Wonderful

14. THE EARLY HISTORY OF INSURANCE IN ENGLAND⁵⁴

Just as production was at first carried on under the domestic system, so insurance at a very early period in England had reference to the provision against the various adverse conditions that might befall a family or any one of its members. This characteristic was of equal importance with the social one in the organization of the Saxon and Anglo-Norman gilds. These bodies provided against losses from fire, besides securing gildsmen an income during sickness, arranging for their burial, and, in some cases, making loans to members or their children, either without interest or at a low rate. On the decay of the original undifferentiated gild, some of its functions were continued by its successors the gild merchant, the craft gild, the city company, and even to a small extent by the regulated and joint-stock companies. Between the fourteenth and seventeenth centuries social conditions had been changing. On the whole although death by violence was still only too common, life risks had become less. The more permanent style of domestic architecture should have tended to diminish losses by fire; so that, great as were the risks to life and property from a modern standpoint, it may have appeared that the need for insurance was not so great; and, at the same time, the decline of the gilds had removed the organization through which hitherto the provision had been made.

⁵⁴ Adapted by permission from W. R. Scott, *Joint Stock Companies to 1720*, III, 363-74. (The Cambridge University Press, 1911.)

While the practice of something resembling fire and life insurance seems to have diminished, the principle of assurance was being developed in quite a new direction, namely in securing against marine risks. The method by which this was effected introduces the new element of the substitution of a proprietary for a mutual insurance. In the gild the members really constituted a species of benefit society, whereas marine insurance was conducted by persons who had no special connection, outside that transaction, with those assured.

It is difficult to determine how early this species of transaction began. It may have been a development of the *foenus nauticum* of the later Roman Empire; or, on the other hand, the loan on bottomry may have been called into existence independently to meet the exigencies of the case. A loan on bottomry inverts the modern practice in marine insurance. The assured or borrower obtained the advance of a specified amount of capital, on condition that he should repay it, together with a premium on the return of his ship—the ship itself being the security. If the vessel were lost, there was no obligation to make good the sum lent. During the Middle Ages the position of the church with regard to usury made this form of investment a favorite one for persons who had capital at their disposal and who did not wish to undertake the trouble of management in a partnership.

It would seem that at first marine insurance was conducted as a part of a general financial business, either by a body of merchants, such as those of the Steelyard, or by the goldsmiths. It was not until the eve of the South Sea period that joint-stock marine insurance, as far as is known, came into existence. Although marine insurance, on a non-mutual basis, was earlier, it was the last of the three groups to be developed by means of joint-stock companies.

After marine insurance came some form of provision against certain adverse life-contingencies. It is stated by Francis that persons who intended to make pilgrimages to distant countries were in the habit of effecting a bargain before they started by which in consideration of a certain payment, the assurer agreed to provide a ransom for the assured, in the event of the latter being taken captive. Similar arrangements were made by merchants who went on trading voyages. Or again, the contract might be of a different nature, when the travel-

ler would deposit a sum of money on the understanding that, should he return to claim it, he was to receive a large addition to his deposit; if he failed to arrive home, the assurer retained the amount lodged with him.

There remains one species of insurance as yet undealt with, namely the provision against loss in the case of fire. It seems that, for several centuries after the dissolution of the gilds, there was no organization to carry on this class of business. Proposals for establishing fire insurance were made in 1635 and 1638; but, though as early as 1591 the system was in operation at Hamburg, it was not until after the Great Fire of London that offices began to come into existence in England. The earliest undertaking that can be traced is that established in 1667 by Dr. Nicholas Barbon, a prominent building speculator and the author of *A Discourse of Trade* (1690). This office was at first known as "Barbon's" and it continued in Barbon's hands till 1680 when it was transferred to a company, and it was then described as *The Insurance Office at the Back-side of the Royal Exchange*.

Up to 1706 fire insurance had been confined to provision for losses on buildings, and in that year Charles Povey first founded offices to insure against losses of goods and merchandize. One of these was for London and the other for the country. Both were eventually transferred to the *Company of London Insurers*, which became known as the *Sun Fire Office*.

The period of excitement at the time of the South Sea Bubble was marked in London by many insurance proposals. Some were intended to rival the existing fire, life, and marine undertakings, while others branched out in new directions. Amidst schemes that were chimerical there were some that anticipated developments realized later, such as burglary insurance, the insurance of debts and of live stock.

15. THE FIRST EXCHANGE IN ENGLAND⁵⁵

Exchange, as Bourse: (a) A place where merchants, bankers, brokers, etc., assemble at certain hours for the transaction of business; and (b) the assemblage itself. In both senses the word is commonly contracted into 'Change.

"The last yere, I shewyed your goode lordeshipe a platte, that was

⁵⁵ Taken by permission from George Clare, "Exchange, as Bourse," in Palgrave's *Dictionary of Political Economy*, I, 767-68. (Macmillan & Co., Ltd., 1910.)

drawen howte for to make a goodely Bursse in Lombert strette for marchaunts to repayer unto. I doo suppose yt wyll coste ii. M. li (£2000) and more, wyche shalbe very beautyfull to the citti, and allsoo for the honor of our soverayngne lord the Kynge." Thus wrote Lord Mayor Sir Richard Gresham in 1538 to Cromwell, the lord privy seal. He had recently seen and admired the new Burse at Antwerp, and was anxious that London merchants whose custom it was to congregate twice a day in the open air at Lombard street, should be provided with a similar house, or covered walk, to shelter them from the inclemency of the weather. But powerfully as he advocated the scheme, it did not find favor. Owners of property were difficult to treat with; and, as the merchants themselves appear to have been completely indifferent, the plan was suffered to fall through. After the lapse of a quarter of a century, it was however again brought forward by his public-spirited son, Sir Thomas Gresham. On the death of his only child in 1564, Sir Thomas appears to have conceived the idea of making his country his principal heir: he munificently offered, provided the city would furnish a suitable site, to erect the building at his own expense. His fellow-citizens gratefully accepted the offer; they raised a sufficient sum by subscription, purchased the piece of land on which the Royal Exchange now stands, and conveyed it over to him.

By the end of 1568, merchants were able to hold their meetings within the building. It consisted of a quadrangular arcade, enclosing an open court, and bore a general resemblance to the Burse at Antwerp, which had suggested the plan. After completion, it was inspected and formally opened (January 23, 1571) by Queen Elizabeth, who "caused the same Burse by an herralde and a trumpet to be proclaimed the Royal Exchange, and so to be called from thenceforth, and not otherwise." Gresham had ordained in his will that on the death of his wife, who was to enjoy the rents during her lifetime, the Royal Exchange should be vested in the hands of the Corporation of the City of London and of the Mercers' Company, conjointly, and to them it in due time reverted. Exactly 100 years after the laying of the foundation stone, the building was swept away in the great fire of 1666; and its successor, the second exchange, was also destroyed by fire in 1838. The present structure dates from 1844.

F. The Domestic System, Especially As Seen in the Woolen Industry

In this section we return to a consideration of manufacturing.

The early form of manufacture in the towns has been called the handicraft method of manufacture. The medieval craftsman, sometimes working alone, sometimes working with an apprentice or two, and occasionally working with two or three persons who had advanced through apprenticeship and had become journeymen, was the unit of manufacture. Typically, his work was done in a room of the house in which he lived. He owned his tools, his raw materials, and his finished product. He disposed of his product either at the town market or to customers who called upon him in his little shop. The scale of operations was small, and their character simple.

As time went on, the handicraft system of manufacture gradually gave way to the "putting-out" system of manufacture, or the domestic system, as it is more commonly called. This domestic system of manufacture was introduced at different rates in different industries. It will serve our purposes to show the system at work in one industry, taken as a type case, and we shall use for this purpose the woolen industry. In this industry the "clothier" secured the raw wool and hired spinners to work it up into yarn; then he hired weavers to make cloth; and so on to the completely finished product. Sometimes he supplied these workers, who typically worked in their own homes, with their tools. It will be observed that this domestic system of manufacture marked the "divorce" of the worker from the ownership of his raw materials, his tools, and the finished product. (See page 183.)

For the sake of brevity our discussion of the domestic system is confined to the woolen industry but it should be kept in mind that a corresponding development was taking place in other industries. It is to be said, however, that the development of this system in the woolen industry took place more rapidly and was more complete than in most other industries, mainly because the woolen industry was the largest and best-developed manufacturing industry of the time.

In point of time, the domestic system was the immediate fore-runner of that type of capitalistic manufacture ushered in by the Industrial Revolution. The "stages of development" are shown in the following diagram, which is certain to be misleading unless much caution is exercised in using it. In studying the diagram, two things should be remembered:

1. No accurate dates can be assigned for the emerging of any given "stage." This "time of emergence" varied from country to country, from district to district, and from industry to industry. Furthermore, a given stage does not suddenly spring into being. It has been preceded by a long period of preparation. Who can say precisely when the period of preparation is over?

2. It is seldom true that one stage is completely supplanted by another. The earlier stage tends to persist, in certain localities or industries, through all the later stages. For example, we have today survivals of household economy and of the handicraft régime.

Point of View Taken	The Stages of Development			
	Household economy	Handicraft economy	Domestic system	Factory system
System of production.....				
Extent of market.....	Little or none	Local	Wide	Very wide
Method of exchange.....	Barter	Money	Credit	
Relation of central government to industry.....	Little	Mercantilism	Laissez faire	Regulation
Organization in the woolen industry.....	Household	Gild	Draper	Clothier
				Factory

The selections dealing with the domestic system should be read with these issues^{55a} before one:

1. In what particulars did the domestic system differ (a) from the handicraft or gild system of manufacture? (b) From the modern industrial system of manufacture?
2. What changed conditions made possible—and "inevitable"—the coming in of the domestic system?
3. What relationship existed between changes in agriculture and the coming in of the domestic system?

^{55a} A more detailed statement of issues may be found in *Outlines of the Economic Order*, pp. 26-28. (The University of Chicago Press.)

4. What elements of modern capitalism came in with the domestic system of manufacture?

1. A BRIEF HISTORY OF THE WOOLEN INDUSTRY⁵⁶

The woollen industry was of fundamental importance for English economic development. It furnishes the explanation of the far-reaching agricultural changes of the fifteenth and sixteenth centuries: it provided the commodity with which England first entered actively into the world's commerce: it was the first of the great manufactures of England; it created a basis for English activity and wealth before iron and cotton; and in the seventeenth and early eighteenth centuries it accounted for more than two-thirds of our exports.

1. *The establishment of the gild system.*—We are unable to trace the existence in England of a separate craft of weavers farther back than the early part of the twelfth century.

In London at this date—and the same was probably true in other large towns—the woollen industry was divided into four or five branches, the weavers and burellers, each organized in a gild, the dyers and fullers united in the same gild, and the tailors or *cissores*. But they were very conscious that they had interests in common, and they were accustomed to act together in matters affecting the whole industry.

During the twelfth and thirteenth centuries there must have been a very rapid increase in the amount of cloth manufactured in England. This is shown among other evidence by the increased importation of woad, which was necessary for the purpose of dyeing blue or blue-black.

[NOTE.—Details concerning the gild stage of development are omitted. The student should recall the characteristics of the gild economy in general and should regard those characteristics as applicable to the woolen industry.—ED.]

2. *The first immigration.*—With Edward III (1322–77) begins the policy of encouraging the settlement within the kingdom of for-

⁵⁶ Adapted by permission from W. J. Ashley, *The Economic Organization of England*, p. 88 (Longmans, Green & Co., 1914); and from W. J. Ashley, "The Early History of the English Woollen Industry," in *Publications of the American Economic Association*, Third Series, II (1887), 308–80.

eign clothmakers, from whom English weavers and dyers could learn the arts in which they had previously been wanting.

The increase of the cloth manufacture in England had two great results: (1) an increasing differentiation among those engaged in the industry, a splitting up into separate crafts, sanctioned and maintained by the public authorities; and (2) the creation of a class of merchants and dealers in the finished article.

3. *The rise of a trading class.*—Any citizen could now trade in cloth if he wished. Still it was not until the second half of the fourteenth century that a special class of cloth dealers or *drapers* made its appearance. There had been so little manufacture for any save the immediate market—the wants of the town and neighborhood—that if men dealt in cloth at all, they dealt in it together with half a dozen other commodities; they were merchants, and not dealers in one particular article.

We are so accustomed nowadays to the appearance of a new branch of commerce, entered upon by men with the command of capital, which they are ready to make use of in any profitable way that presents itself, that the rise of the cloth trade may not seem to need explanation. But in the fourteenth century there was but little of what may be termed free and disengaged capital, ready to be turned in any profitable direction. Hence the question arises, in what way precisely did this new division of occupations arise? It is antecedently probable that trade in cloth would be engaged in chiefly by men who were already in some way connected with the industry, and of these, there were two groups from either of which the new body might conceivably have arisen—the wool dealers and the cloth finishers. It does not appear that before this time there was any very uniform system of relations among the various branches of the cloth industry. I suppose that the weaver had usually been the most independent; that he had very generally bought the yarn himself, and then, after weaving the cloth, had paid the fuller to full and the dyer to dye it, and had sold the cloth himself to the person who intended to use it. The user might employ it in its rough state, or, as was often the case, would take it to the cloth finisher, the *pareur*, or, as he is called later, the *tonsort* or *shearer*, who sheared off the nap at so much the piece. But the weaver did not always occupy this economically superior position; sometimes

he received yarn from a customer or employer, and gave back cloth, receiving so much per piece as remuneration; sometimes again the fuller bought the cloth from the weaver, or paid the weaver for working up yarn into cloth, and himself sold it to the public. Any of these branches, therefore, might have become the dominant one. But the two mentioned, the wool dealers and cloth finishers, had obvious advantages. On the one hand, the wool dealer, whether he merely bought the raw wool and sold it to those who would make it into yarn, or whether he himself paid for it being beaten and spun, and then sold it to the weaver, was already a merchant with some command of capital, and accustomed to commercial dealings. English dealers in wool and other staple commodities were at this time becoming an important and influential body, and were beginning to contest with the Teutonic Hanse its monopoly of export from England.

The other theory, that it was the cloth finishers who first ventured upon trade, has also antecedent probability in its favor. For it was through their hands that the cloth last passed; instead of waiting for a customer to bring a piece of cloth to be shorn or finished, they might see the advantages to be got by buying the cloth from the weaver and finishing it ready for the customer. As the demand increased, they would need larger stocks, and some of them would probably soon give themselves up entirely to the trade.

4. *The growth of the domestic system.*—For the history of industry during the first sixty or seventy years of the fifteenth century, we have singularly little evidence. Yet during that period a complete change was taking place in the whole character and conditions of manufacture. The gild system was dying, and the domestic system was taking its place; a change which can only be compared in its far-reaching consequences to the overthrow, during the present century, of the domestic system itself by the strength of machinery and great capital.

We may conjecture that a twofold process went on in the fifteenth century: (1) that in the towns, the gilds or companies became small, close corporations and lost control over the industry; (2) that the industry spread from the towns into the country, and that there a new class of men called *clothiers* or *clothmakers*, arose, commanding an amount of capital great relatively to previous conditions, and bring-

ing into dependence upon themselves comparatively large numbers of workpeople. (See page 183.)

Of the early history of the domestic industry we have no information; when it is first noticed in public documents, it seems to be already widely spread over the country. The central figure to be studied in the new organization of labor is the clothier. He buys the wool, causes it to be spun, woven, fulled, and dyed, pays the artisans for each stage in the manufacture, and sells the finished commodity to the drapers.

Now there can be little doubt that the impulse towards this extension of a freer industry into the country was given primarily by the new mercantile capital which successful trade had created. But when once the movement had begun it would be followed by all who saw their opportunity, by wool staplers, by drapers, by landed proprietors, by energetic artisans from the towns. The requisite labor would readily be found in the unemployed of the agricultural districts, and the necessary technical skill could be acquired from the journeymen whom the jealous restriction of gild privileges by the master artisans had driven from the towns.

Limitations of space prevent the present sketch of the history of the woollen industry from being carried farther. Otherwise it would have been interesting to trace the regulations of the Tudors as to the quality of cloth and as to apprenticeship, and to consider how far these were dictated by the jealous endeavors of the town craftsmen to hinder the growth of the industry in the country, and how far they were guided by a wise policy on the part of the government which aimed at maintaining a certain standard of work. The appearance towards the end of the seventeenth century of a new class of factors and great merchants; the abandonment under mercantile pressure of the policy of preserving the quality of cloth; the growth of credit; the struggle between the woollen and cotton interests—all these preparing the way for the actual factory and machine industry of today—are of the most vital importance for the social history of England. But for the present we must be content with having traced the earlier stages of the long evolution.

2. COMMERCIAL ORGANIZATION IN THE WOOLEN INDUSTRY⁵⁷

The operations of the various wool-buyers were so little differentiated, each one performing at different times the same business as the others, that a rigid classification is quite impossible. And it is to be understood in the following treatment that clear-cut distinctions did not exist among the various buyers of wool.

Brogger.—The buyer who was most specialized was the brogger. The brogger was an agent or broker of a manufacturer or exporter or big wool-merchant or jobber. He made a farm-to-farm canvass, and bought wool. He either packed it up himself or employed a specialized class of wool-winders or wool-packers, which arose in the wool-producing sections or the markets, as, for example, in London, where the wool-staplers, packers, winders and combers together made up the woolmen's livery company. After it was wound and packed the brogger arranged to have it fetched away.

Jobber and merchant.—The wool-jobber and merchant was closely allied with the wool-brogger on the one hand and the wool-stapler on the other. All were buyers of wool, either direct from the wool-grower or from the first buyer.

Two facts gave occasion to this occupation. In the first place, the wool harvest was quickly made: in less than a month the whole year's clip was ready for sale. It at once became dead capital in the grower's hands, and to carry the stock was an economic loss, due to the interest charge against it. But, on the contrary, the needs of the manufacturers were nearly constant throughout the year; and it was an economic loss to them to buy up in advance large provisions for their consumption during the year. They sought a seller who would sell them small lots as they needed them; whereas the wool-growers sought a buyer who would take at once their whole clip. These two functions were combined in the wool-jobber.

He was a capitalist. He bought for cash large volumes of wool seasonally; he owned warehouses for the storage of his purchases; he sold to clothiers and manufacturers on credit and in such parcels as

⁵⁷ Adapted by permission from R. B. Westerfield, "Middlemen in English Business," *Transactions of the Connecticut Academy of Arts and Sciences*, XIX, 265-79, 296-317. (Yale University Press, 1915.)

they needed. In performing these capitalistic acts he incidentally did others that promoted the wool trade. He acted as collector and forwarder of the wool from the grower to the manufacturer. As a buyer of wool and a seller of wool he developed a clientele of buyers and sellers, both of whom he cared to preserve by fair and honest dealings; and consequently reduced the frauds of the false winding graziers, so much complained of where manufacturers bought directly from the grazier. He conducted a wider correspondence and effected broader connections than would be possible or profitable to a grazier and in this way broadened the market of wool, more equally distributed it according to needs, and at a steadier price. By these labors, the manufacturer was enabled to specialize in making cloth and free himself from the tasks of buying wool from the scattered farms.

Wool-stapler.—Staple, in connection with the textile materials, means the fiber of any material used for spinning and is expressive of the character of the material. A stapler was one who was employed in assorting wool according to its staple. In connection with this assorting, the stapler performed all the functions attaching to the jobber and merchant. He had large warehouses and required a great capital. But his special and distinctive function consisted in *breaking* and *assorting* wool, making it up into sortments fit for the manufacturer. Without the stapler the clothier was under the necessity of buying his wool in the fleece, and unless he could work up all sorts of wool, a thing no clothier could do to any advantage, he suffered a loss of those parts not used.

Yarn merchant.—The yarn merchants were a class of merchants who owed their existence to the localization of spinning and weaving. This localization increased the interdependence of the different parts of the kingdom. The clothmaking districts were forced for want of spinners to draw part of their yarn from quarters near and remote. The operations of getting the wool from the wool-buyers, and into the hands of the spinners in their localized districts, and of collecting again and selling the yarn to the clothiers were performed by this specialized class. Sometimes they simply bought up the surplus yarn spun by the country spinners and carried it and distributed it among the clothiers. They commonly combined the functions of the wool-

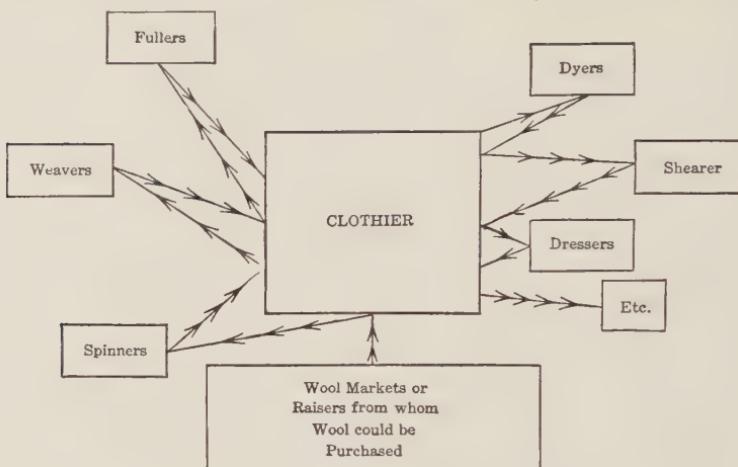
stapler (viz., assorter, kember, washer, scourer, and trimmer) with that of the yarn merchant proper.

Clothier.—The clothier was the central figure in the domestic system of manufacture which characterized increasingly the productions of cloth from the middle of the fifteenth century till the Industrial Revolution. His business was a composite of the middleman's business and the manufacturer's business, but must be regarded in larger measure that of middlemen. In a restricted sense, he was not a manufacturer since he had ceased to exercise the craft of cloth-worker; nor was he a pure middleman, for all the wares he handled underwent transformation while under his control and assumed a very different aspect from the time he purchased the raw wool till he sold the finished product. He was an organizer of the manufacture, of the labor and of the distribution of the materials. His shop was a neighborhood, a village and its environs. Not until the closing decades of the period covered by this study did he assume the ownership of the tools of manufacture, and even then they were leased out to the artisans under his employ. Nevertheless, since he did not directly manufacture the materials which he bought and engaged himself exclusively (*a*) in the buying of materials and of labor used upon them and outside his supervision and (*b*) in the selling of the cloth, his middlemen characteristics are very obvious.

Having raised his wool, or bought it at the Cirencester or London or other markets, or having dispatched broggers into the country to buy, the clothier delivered it out weekly among the spinners who lived in the vicinity of these clothing towns, in the country and the hamlets. The spinners were paid for their work and the yarn was then carried to a weaver, who was likewise paid by the clothier. The yarn dealer sometimes intervened and relieved the clothier of these earlier parts of the business. And so successively through the remaining processes of the manufacture—milling, dyeing, shearing, dressing, etc.—the clothier carried his ware and paid the artisans. He thus employed many distinct classes of artisans and each performed only one operation upon the wool or cloth. The excellence of this system consisted in the concentrated direction of all the process by the clothier under a well-defined division of labor. Its greatest defect was the wastes

caused by repeated carriage over considerable distances between successive artisans, and the cause of this decentralization was fundamentally the fact that power machinery needful to concentrated factory production had not yet been invented. But the clothier's business at this early time required considerable capitalists and men of broad correspondence who could undertake the risks involved.

The clothier occupied a very responsible and prominent place in



ORGANIZATION FOR THE MANUFACTURE OF WOOLEN CLOTH UNDER THE DOMESTIC SYSTEM

Notice the clothier, who retains the ownership of goods, as an organizer of specialists.

the local community. He was the moneyed man, the paymaster and the employer of the whole vicinity. The neighborhood's activity and prosperity rested in his hands.

The clothiers of all England sold mostly through London. The great London market for cloth had been for many centuries at Blackwell Hall. The non-resident clothiers were constrained to bring their woollens for display and sale to this market, and an elaborate set of rules were adhered to in the business transacted.

Factors at Blackwell Hall.—A specialized class established themselves in the business of Blackwell Hall about 1660. They were known as the factors.

The first factors were likely some clothiers or clothworkers with whom other clothiers had left their residue of cloths from one market till a later market. The clothier sometimes authorized the keeper to sell the cloths in the interim, specifying a certain price at which he might sell. This authorization was the wedge by which the factor entered the trade and seized upon his limited function. In order to make sales the keeper would abate the price a few pence per yard below the price specified by the clothier. This difference in price was sufficient motive for the preference which the buyer thereafter showed for buying them from the keeper. To secure sales the clothier was then forced to sell through the keepers, who set up as regular factors and thus "usurped the sole power of selling the clothier's cloth, both for what price, and for what time, and to whom they pleased."

Several circumstances at once operated to strengthen and establish the factor in this his so-called *usurped* place. The convenience realized by both clothier as seller and by merchant or draper as buyer, through the instrumentality of this factor made them prone to a passive compliance, for they could then devote themselves to their more proper employments. But this separation of clothier and merchant lessened the merchant's judgment of cloth, a judgment which his daily practice of examining cloth in the Hall had heretofore trained and maintained, and consequently the merchant became dependent upon the factor as a specialist in judging the qualities of cloth. The factor used his profits sometimes to buy materials and employ woolworkers and became in part a clothier; this gave him an economic advantage by which he could undersell any clothier who persisted in selling his cloth himself and could force himself into the clothier's employ. And further, the factor could make or break a clothier by partiality in the time of sales and in the longer or shorter period during which they retained the proceeds; naturally they favored the richer and larger dealers, and the poorer became very subservient to their factors.

The prime service of a factor is to facilitate exchanges; buyers and sellers are brought together through specialized representatives; wide correspondence and connections swell the number of buyers and sellers; there is a broader, steadier market; an economy of time, cost and effort at sale is effected; the producer, in singleness of effort, is

enabled to produce more and better; the agent becomes an intelliger-
cer to the manufacturer; and so forth.

Draper.—The woollen drapers seem to have differentiated their
employment and separated their function from the general cloth manu-
facture and trade during the fourteenth century.

It appears that the drapers were occasioned by the migration of
industry from the towns to the country and the consequent establish-
ment of the domestic system of cloth manufacture in the homes. The
rise of the country clothier was primarily due to the arbitrary restric-
tions laid down by the town craft gilds. Heretofore, each craftsman
might have retailed his own product. Hereafter, cloth that was pro-
duced in the country was brought into towns to be sold there by the
drapers. It was found in Leeds that the manufacture was suburban
and the sale was urban; the dwindling of town manufacturing was
compensated for by the selling of cloth by the drapers. Middlemen
became necessary thereafter to judge and guarantee the quality of
cloth and to study the market demand so as to equalize the quantity
produced and consumed.

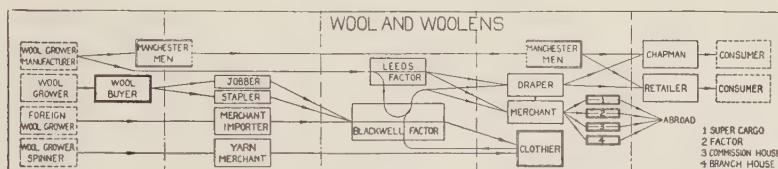
The draper was in the early centuries both retailer and wholesaler
of woollen cloth. The retail function became less and less his and was
given over to the mercers. By the middle of the eighteenth century
he was a typical wholesaler. As such he had connections (*a*) with the
clothiers or the factors, (*b*) with the merchant importers and export-
ers, (*c*) with the provincial wholesalers, and (*d*) with the retailers of
London and other towns and cities.

Manchester Men.—One class of buyers at the great Cloth Fair at
Leeds was the travelling merchants. These were a class peculiar to
the northern manufacturing section and were often called the “Man-
chester Men.” They were wholesale merchants (more properly, trades-
men). There was a demand all over England for the cheaper cloths—
kerseys, cottons, as well as the other manufactures, such as cutlery,
hardware, clocks, almanacs, etc., which were made in the north, and
the Manchester Men acted as distributors to the shopkeepers of the
Island. In a pamphlet dating from about 1685 it was spoken of, as a
thing accustomed, that “the Manchester Men, the Sheffield men, and
many others . . . do Travel from one Market-Town to another; and
there at some Inn do profer their Wares to sell to the Shopkeepers of

the Place." They sold wholesale to shops, warehousekeepers, and to country chapmen at this date.

Chapmen.—"Chapmen" (cheap man) was originally an inclusive name for all dealers; by the sixteenth century the term had become restricted to the small pedlar or retail dealer. The term "petty" was often prefixed. In 1639 petty chapmen were described as those who "buy up commodities of those that sell by wholesale and sell them off dearer by retaile, and parcel them out." Before the rise of country stores, all retailing in the country was done from temporary booths at markets and fairs, or by itinerant dealers. From the latter fact the term "chapman" acquired the concept of our modern pedlar or hawk-

DIAGRAM OF THE COMMERCIAL ORGANIZATION IN
THE WOOLEN INDUSTRY



er. This meaning was in vogue in 1745 when the chapmen were defined as "Such as carry goods from market to market, or from house to house, to sell." They bought their goods from wholesale tradesmen of the cities or from the Manchester Men, and travelled on foot with packs on their shoulders, or with horse and panniers, or with horse and cart or wagon.

3. THE AGRICULTURAL REVOLUTION IN RELATION TO THE WOOLEN INDUSTRY

A. IN THE SIXTEENTH CENTURY⁵⁸

With the close of the Wars of the Roses and the dawn of the Tudor period an agricultural revolution began, which continued in progress till the middle of the reign of Elizabeth, and after more than two centuries of quiescence, recommenced in the eighteenth century. This revolution was part of the general movement which gradually transformed the country. It may be described as the introduction of the

⁵⁸ Adapted by permission from H. D. Traill, *Social England*, III, 351-57. (Cassell & Co., Ltd., 1895.)

commercial spirit into national life. In agriculture the commercial spirit took the direction of *enclosures*—the break-up, that is, of mediæval agrarian partnerships, the appropriation of commons by individual owners, the substitution of individual enterprise for the united venture of village farms. Both in the sixteenth and in the eighteenth centuries this was the direction which the revolution assumed. But in details the earlier and later movements widely differed. Under the Tudors the agricultural revolution was accompanied by the substitution of pasture for tillage, of sheep for corn, of wool for beef and mutton. Under the Hanoverian sovereigns the British farmer no longer took his seat on the woolsack, but devoted himself instead to the production of bread and beef for the teeming populations of manufacturing cities.

The sixteenth-century agricultural changes.—The period which began with the close of the Wars of the Roses (1485) and ended with the defeat of the Spanish Armada (1588) was one of transition from the mediaeval to the modern form of landownership. Feudalism was dead or dying, and trade was usurping its throne. Mediaeval barons valued their estates chiefly for the number of retainers which they sent to their banners. Tudor landlords estimated their worth by the amount of rent which they paid into their coffers. Mediaeval farmers extracted from the soil only so much food as they required for the sustenance of themselves and their families. Modern tenants were not satisfied with this self-sufficing industry; they desired to raise from the land, not only food, but profit. As trade increased and towns grew, and English wool made its way into continental cities, or was woven into cloth by English weavers, new markets were created for agricultural produce. Fresh incentives were supplied to individual enterprise, and both landlords and tenants learned to regard their land from the commercial point of view.

If money was to be made out of land, it was plain that only individual enterprise could make it. Under the old system it was open to the idleness of one man to cripple the energy of fifty others. To exchange, divide, enclose, and so consolidate the holdings became the object of the rural aristocracy. Sometimes the commons were equally divided; sometimes they enclosed them by force or by connivance

with the principal commoners. Voluntary agreements between commoners and proprietors of land were not infrequent, and bargains were often struck on equitable terms, based on a valuation and commutation of commoners' rights. But it was a rough age, in which might was right; and Sir Thomas More presents us with another side of the picture. He speaks of "husbandmen thrust out of their own, or else by covin and fraud, or by violent oppression, put beside it, or by wrongs and injuries so wearied, that they be compelled to sell all."

The first result of the commercial spirit which was infused into farming was the increase of enclosures, *and the consequent severance, whether directly or indirectly, of a considerable portion of the rural population from the soil.* If this change had been accompanied by a large extension of arable farming, the market for agricultural labour might have been so enlarged as to relieve agrarian distress. But the change which took place in farming served only to increase the scarcity of employment. The second result of the commercial revolution was to substitute the shepherd and his dog for the ploughmen and their teams, wool for corn, and pasture for tillage, and thus to diminish the demand for labour at the very moment when the supply was increased. Woolen manufactures grew so rapidly both at home and abroad that there was a ready sale for English wool both in England and on the Continent. The fineness of the English fleeces made them indispensable to foreign weavers; wool was easily transported, without risk of damage, and without liability to duty. The profit of sheep-farming was sure, and the outgoings in the cost of labour small. Arable farming, on the other hand, was an uncertain speculation, and the necessary outlay was large. No efforts were spared to extend sheepwalks. Small tenants were evicted; labourer's cottages were pulled down, the lords' demesnes turned into pastures; wastes and commons were enclosed for the same purpose. This process, which began at the end of the fifteenth century, continued till the middle of the reign of Elizabeth.

The twofold effect of the commercial revolution told disastrously on the condition of the agricultural labourer. His miseries were aggravated during the period under review by a rapid rise in the value of all agricultural produce. Every owner of land benefited by the rise,

and tenant-farmers, if they held their tenancies at reasonable rents, grew rich. But the labourer alone suffered. As a new supply of precious metal poured in from America, the purchasing power of money fell. The wages of labour were arbitrarily fixed by statute at the rates of the previous century, though, relatively to the prices of necessities, they had dwindled by half. At the same time the dissolution of the monasteries had deprived the poor of charitable aid; and the principle of their compulsory support was still imperfectly understood. The labour market was glutted, and the power of the trade gilds excluded the peasant from employment in towns. Hundreds of poor Toms were whipped from “tything to tything, and stock’d, punished and imprisoned.”

From low farms,
Poor pelting villages, shepcotes, and mills,
Sometime with lunatic bairns, sometime with prayer
Enforce their charity.

[NOTE.—Other selections hint something of the significance of this situation with respect to the drift to the towns, the exclusion of these rural workers from the gilds, and the settlement of the workers and manufacturing industry in suburban and rural sites.]

See also:

- “How the Villains Became Free,” page 71.
- “The Rise and the Significance of Towns,” page 106.
- “Leading Aspects of Gild Policy,” page 112.

B. IN THE EIGHTEENTH CENTURY⁵⁰

The eighteenth century agricultural changes.—One of the most important contributions to the development of modern capitalism in England proceeded from that many-sided change in the character of English agricultural life known as the Enclosure Movement. It is a generally accepted fact that the Enclosure Movement was fairly continuous in England from the end of the Middle Ages to the middle of the nineteenth century, yet it can hardly be denied that it progressed most rapidly and its effects were most far-reaching in the period

⁵⁰ Prepared by Conyers Read.

which coincides in point of time with the Industrial Revolution. It was provoked by a natural desire on the part of landlords to increase the net revenues from the land. In its earlier manifestations it usually took the form of the conversion of arable into pasture land for sheep raising. In the later seventeenth and eighteenth and nineteenth centuries, however, it was more largely applied for the purpose of improving methods of tillage, which for a variety of reasons had been very considerably retarded by the earlier system of common tillage in open fields.

From the point of view of increased net yield from the soil, the Enclosure Movement clearly fulfilled its promise. But its effects were disastrous upon the social and economic condition of the English peasantry. At the beginning of the eighteenth century, in spite of the earlier Enclosure Movement, a large part of rural England was still in the hands of small yeomen who farmed their own land, of cottagers and crofters who rented small holdings and enjoyed common rights of pasture, woodland, and waste, and of agricultural laborers who worked for hire and either "lived in" with their employers or else occupied a small cottage on his farm. Among the cottagers and crofters a considerable number were primarily engaged in weaving or some other form of domestic industry and worked their small bits of soil in their spare time.

The effect of the Enclosure Movement in the eighteenth century was in a large number of cases to make the position of the agricultural worker untenable. Improved methods of tillage, involving the building of fences, the digging of drains, the application of manures, and the use of machinery, were beyond his resources and indeed beyond his intelligence. His hope of survival lay in the maintenance of the old system; but he lacked the organization, the enterprise, and the capital to make a successful fight for his old common rights before the courts. Enclosure came in spite of him and brought with it new and expensive methods and new marketing conditions to which he was not able to adapt himself. Inevitably then he was forced out of business by his richer and more progressive competitor. Hence it was that during the eighteenth century particularly a very considerable element of the rural population of England was divorced from its old

occupation and its old attachment to the soil. For the most part it found its alternative to starvation in the increasing demands of the new industries. As the gates of the farm swung to, the gates of the factory and the mine and the shop swung open. From the deserted villages of rural feudal England came one of the chief sources of labor supply for urban capitalistic England.

Meanwhile in the towns themselves other sources of labor supply were forthcoming. The exclusive policy of the craft gilds had operated for centuries to prevent the progression of the journeymen workers to the position of masters of the craft and to convert them into an industrial laboring class. Capitalistic forces among the masters themselves had depressed the poorer masters to a common level with the journeymen. In town and country alike the interests of the richer classes had superseded the interests of the rank and file. A capitalistic régime already dominated industrial organization both rural and urban even before the Industrial Revolution. It had already effectually destroyed the community ideals of the manor and the gild. Out of the flotsam and jetsam of that wreckage it secured the proletariat for the new factory system which the Industrial Revolution brought in its train.

4. LOSS OF CONTROL BY THE GILDS⁶⁰

Though there is much room for difference of opinion as to the origin of craft gilds, there is ample evidence as to their character and powers. In England the craft gild appears to have been an institution which obtained powers from the town to regulate a certain industry for the common good. On its economic side it aimed at supplying a known market, by meeting the wants of the townsmen themselves and of others who visited it for the purpose of buying; it strove, besides, to maintain a high quality of wares, the good training of the workmen, and favourable conditions for work; but the whole institution was subordinated to the good of the town, and to the steady growth of a material prosperity in which all could share.

The whole of this system served admirably for the regulation of industry under suitable conditions, but it made no allowance for growth; and in the fourteenth and fifteenth centuries there appears to

⁶⁰ Adapted by permission from W. Cunningham, *The Progress of Capitalism in England*, pp. 72-78. (The Cambridge University Press, 1916.)

have been a rapid growth, especially in connection with the manufacture of cloth for distant markets. Those who, as dealers, had formed some capital and were accustomed to handle it, began to invest their capital in industry and to compete with those who were craftsmen by training. The dealers might be dealers in raw material, or dealers in the finished product; but in either case they did not count to make an income by their own work, but by the wealth they had invested in buying materials and tools and used for paying wages. The capitalist system in the cloth trade appears to be as old as the incursion of Flemish weavers under Edward III, and it certainly had reached a high stage of development in the sixteenth century, when men like Jack of Winchcomb and Stump of Marlborough flourished. These men did not manufacture with reference to a market on the spot, but with reference to the requirements of a distant market, sometimes a market in foreign countries. They had an interest in manufacturing on as large a scale as possible, and turning over their capital rapidly so as to enable them to push their trade and get the command of a larger market. It is obvious that institutions which were built up by small craftsmen, each with his stock in trade, to meet a known market were unsuited to the industry as developed by large capitalists. The regulations, which had been maintained in the old corporate towns, were proving inconvenient in the fifteenth century, and industries migrated from the towns to the rural districts. In other cases the burden of taxation appears to have been oppressive to the old communities, while it is likely enough that some of them had never recovered from the ravages of the Black Death. By 1550, the institutions which had served to regulate the industry of the towns in the Middle Ages were no longer effective for their purpose.

See also "Causes Contributing to the Decline of the Gilds," page 129.

5. EARLY LARGE-SCALE PRODUCTION⁶¹

The capitalist movement, in its first stages, was primarily financial and commercial. It is comparatively rare to find production organised on a large scale on premises, or with machinery or appliances,

⁶¹ Adapted by permission from H. O. Meredith, *Outlines of the Economic History of England*, pp. 158-61. (Sir Isaac Pitman & Sons, Ltd., 1908.)

owned by the employer. Nevertheless, there are sufficient traces of beginnings in this direction also to make the matter of some importance—especially when account is taken of the development of this form of capitalistic enterprise since the Industrial Revolution. Three points call for separate discussion: (1) the occasional appearance of the larger unit of production in industries which, however, retain the domestic as their predominant type, (2) the increasing use of capital in mining and metallurgy and in branches of other industries which require expensive plants, and (3) the investment of considerable sums under patent rights in the introduction of new or foreign processes or in the reorganisation of existing industries by control of the supply of the raw material.

1. Evidence of a tendency on the part of individuals to increase the scale of production in the cloth industry goes back to 1339, when Thomas Blanket and other citizens of Bristol were fined by the civic authorities for setting up looms and employing labour on them in their own houses. Incidental references to the practice are found occasionally in the fifteenth and sixteenth centuries. More commonly individual capitalists speculated in the tools or machinery of an industry, renting them out to the wage-earners. This was the usual course of development where, as, e.g., in the stocking industry, somewhat complicated machines were introduced. The practice existed, however, in older trades, and the "Weavers' Act" of 1555 enumerates it among the methods by which wealthy clothiers were oppressing the weavers—"some by ingrossing of Looms into their hands and possession, and letting them out at such unreasonable rents as the poore Artificers are not able to maintain themselves." Preventive legislation, as has been pointed out by Mr. Unwin, was limited to clothiers dwelling "outside a city corporate or market-town." The same writer draws the deduction that the Act was the fruit less of sympathy with the oppressed weavers than of jealousy of towns versus country clothiers. On the other hand, the stronger tradition of the gild system would be likely perhaps to limit the growth of the system in the towns. It is possible that the town clothiers, holding themselves bound by these traditions, regarded the competition of large-scale businesses in the country as unfair.

It is clear that a tendency towards an embryo factory system was

visible in the rural districts at this time, and there is traditional evidence of the existence of productive units which would be classed as factories today. A versified history of John Winchcombe, of Newbury, of which the first edition was possibly printed as early as 1597, tells us that

Within one roome being large and long
There stood two hundred Loomes full strong.

Each weaver (adult males were employed) was attended by a "pretty boy." A hundred women were carding. Two hundred girls were spinning. A hundred and fifty children were picking wool—"the children of poore silly men." There were fifty shearers, eighty rowers, forty dyers, and twenty hands in the fulling-mill. There is possibly exaggeration here. Winchcombe died some time after 1519, but his son continued the business, and Winchcombe's "kersies" enjoyed a European fame in the middle of the sixteenth century, and the importance of the name does suggest some detailed organisation of production. Moreover, though factories which integrate a large number of processes are familiar to us moderns, it may be doubted whether tradition could create the conception if none such existed. In any case, large-scale organisation did not become characteristic of the cloth industry until considerably later.

2. In some branches of industry, however, a plant was already required which could not be provided for each worker by himself, and here, in the absence of capacity for co-operation, the capitalist was a necessity. The localisation of the finishing processes in the cloth industry was largely determined by the search for water-power to drive the machinery of the fulling-mills. Thus, whilst yarn continues to be spun throughout the country, we shall find weaving gravitates more and more to the Southwest and Northwest. Water-power was also becoming important in the iron industry, where it was employed as early as the sixteenth century, to drive mechanical bellows and tilt-hammers. The industry was to some extent controlled by the aristocratic owners of the land where ore and fuel were obtainable in proximity. Both in mining and in metallurgy improved processes were being introduced from the Continent—especially Germany—by adventurers who could get the necessary funds.

3. The Elizabethan patents were granted on several different

grounds. Leaving aside those in which the principal object was to farm out an excise duty on the industry in question, or provide a salary or pension for an official or favorite, we may distinguish two principles: (*a*) reward of invention, (*b*) reward of importation of a new process. "The study of these patents has brought into prominence the very interesting facts that the planting of new industries was a capitalist undertaking, organised by moneyed men, who were prepared to wait some years for the full return on their outlay."

6. THE DOMESTIC SYSTEM A FORERUNNER OF THE FACTORY SYSTEM⁶²

The primary force that was at work was Capital, and the capitalistic spirit—the desire of Investment for the sake of gain—which was bound up with it. Long before 1776 by far the greater part of English industry had become dependent on capitalistic enterprise in the two important respects that a commercial capitalist (1) provided the actual workmen with their materials and (2) found a market for the finished goods. The workmen continued to work in their own homes or in sheds or outhouses attached to them; and for this reason the system may be spoken of as *domestic* (German: *Hausindustrie*). I think this is on the whole the most convenient practice, and I have followed it.

The point I want just now to emphasize is that the plan of giving out material and paying wages was characteristic of every important industry in the eighteenth century. The proof is to be found in the legislation against embezzlement of material. There was first the temporary act of 1702, reciting that "many frauds are daily committed by persons employed in the working-up of the woollen, linen, fustian, cotton, and *iron* manufactures, by embezzling and purloining of the materials with which they are entrusted," and providing certain penalties. In 1710 it was made perpetual. The act of 1740 extended its provisions to persons employed "in cutting or manufacturing gloves, breeches, leather, boots, shoes, or other goods." This "proving deficient," in 1749 the workpeople affected were classified anew, as "any person hired to make any felt or hat, or work up any

⁶² Adapted by permission from W. J. Ashley, *The Economic Organization of England*, pp. 141-54. (Longmans, Green, & Co., 1914.)

woollen, linen, fustian, cotton, iron, leather, fur, hemp, flax, mohair, or silk manufactures." In all these cases the dominance of the capitalist middleman was due to the fact that, as things then were, he was needed to organize the manufacture and to assume the risk which was involved in advancing the necessary capital, in view of a market which was too distant and uncertain for the individual artisan to cope with. The craftsman was not yet necessarily "divorced from the instruments of production"—to use the phrase of certain modern writers; he commonly owned his own loom in the woollen and silk trades, just as many a sweated sempstress of our own day owns her own sewing-machine. It was not the instrument of production, but access to the market that he was cut off from by circumstances. And the essential similarity between industrial conditions then and under the subsequent factory system is shown by the fact that we already come across combinations of cottage workpeople against their merchant employers and movements for higher wages.

Conditions approached more nearly to the later factory system when the capitalist "undertaker" owned the necessary instrument of production and let it out to the workman—as, for instance, in the hosiery industry with its knitting-frame.

An even closer approximation to the factory of later days would be reached when the capitalist thought it expedient to gather a body of workpeople together in one place and under one roof. It is certain that though occasional examples may be found, as in the pin manufactory described by Adam Smith, the aggregation of workpeople under the control of capitalists was not the "prevalent characteristic" of the period.

Without special governmental favors, the advantages which the collection of his workpeople in a single building would give an employer were usually too slight and too dubious to encourage any large movement in this direction. Where the work could be broken up into a number of separate operations, as in the manufacture of pins, it would doubtless greatly facilitate that type of division of labor to bring together under one roof a sufficient body of men for each to be assigned a specialized job. But where, as in the woollen industry, division of labor could not go beyond the processes of combing, spin-

ning, dyeing, weaving, fulling, etc., there would be no such gain in a mere aggregation of workpeople performing the same operation. The only advantages that I can discern would lie in the better supervision of the quality of the work and in the greater regularity of output. Against these had to be set the cost of providing the building as well as of the necessary supervision. Accordingly the only successful introduction of the textile factory, on a considerable scale, was in the silk-spinning industry; and here the explanation is to be found in the introduction of machinery which required "power" (in this case supplied by water) beyond that producible by human muscle. It is only because the spinning of silk was, after all, a relatively small trade that the advent of the factory on the Derwent in 1718 did not transform English industrial life as the subsequent cotton factories did.

The appearance of the factory is therefore the *characteristic* feature of the industrial revolution of the later years of the eighteenth century, even though it had actually come into existence sporadically half a century earlier. It meant a new forward step in the evolution of capital: the assumption, on a large scale, by the owner or controller of capital of a further function besides that of the mercantile intermediary—the function of actually directing and supervising the manufacturing process itself. And this, if it did not produce absolutely new phenomena, immensely intensified the effects of the capitalist control already established.

7. THE WORKER UNDER THE DOMESTIC SYSTEM⁶³

These workmen were very different from those employed in "manufacture" or in a modern factory. Most of them lived in the country and earned part of their living on the land. For them, industry was often no more than an additional occupation. The man worked in the fields whilst his wife spun wool, brought her by the merchant from the neighbouring town. Agriculture and industry were often so closely interwoven, that an increase of activity on the one side meant an equivalent decrease on the other. In winter, when outdoor work was impossible, the busy hum of the spinning wheel was heard at all cottage firesides. At harvest time, on the other hand, the spinning

⁶³ From pp. 63–73 of *The Industrial Revolution in the Eighteenth Century* (1927) by P. Mantoux, reprinted by permission of the publishers, Harcourt Brace and Company, Inc.

wheels were idle and the looms themselves had to stop work for lack of yarn.

When we compare the condition of the worker in the past and to-day, we are often tempted to exaggerate the contrast. Idyllic descriptions of old-time industry have been repeatedly given by writers whose intention was to denounce the evils of the present day and to win back the hearts of men to bygone traditions. Then was "the golden age of industry," in which, the craftsman, either in the country or in a small town, lived a simpler and healthier life than in our great modern industrial centres. The preservation of family life protected his morality. He worked at home, at his own time and according to his strength. The cultivation of a few acres, which he either owned or rented, filled his leisure hours. He lived a peaceful life amongst his own people, and was "a respectable member of society, a good father, a good husband, and a good son." A funeral oration could not have been delivered in a more moving or edifying manner.

Most of the troubles of which factory workers complain today were known to the English workers of the early eighteenth century. Let us run through the endless list of grievances presented to Parliament by the journeymen tailors. They complained of the insufficiency of their wage. They complained of unemployment. They complained of the competition of apprentices brought in large numbers from the country: "Many master taylors, in order to have their work done cheap, get a great number of young, raw and unexperienced lads out of the country, who, for better instruction, are glad to work at low prices." They complained of the excessive length of the working day: "The hours of work, in most handicraft trades, are from six in the morning till six at night: but the journeymen taylors' and staymakers' hours of work exceed that time by two hours; and in the winter time they work for many hours by candle-light." And most of them had no more hope of rising above their station in life, than has the average worker of to-day.

Most workers either worked at home or in small workshops. This has given rise to curious mistakes. It is a common and rather natural illusion to think of work at home as being less toilsome, healthier, and above all freer, than factory work under the eye of the foreman and

in time with the throb of an engine. As a matter of fact it is in certain home industries that some of the most pitiless forms of exploitation have survived until recently, or still survive to show how a maximum work can be obtained for a minimum salary.

G. The Industrial Revolution the Current Phase of Capitalism

The term Industrial Revolution is so thoroughly imbedded in the literature of the day that it is best to continue to use it. It is, however, an unfortunate term in several respects. The word "revolution" is likely to cause one to underestimate the importance of the centuries of evolution preceding 1750. So also it is likely to cause one to imagine that the significant happenings occurred in a short period of time; whereas, in truth, we are still in the throes of this "revolution," which is frequently said to have "begun" about 1750.

The word "industrial" is even more unfortunate than the word "revolution." True, there has been a great change in industrial matters, a change which is still in process. But there has been an equally significant change in intellectual outlook, in agriculture, in religion, in commerce, in transportation, and communication. In brief, there has been a rather complete change in most of the outward manifestations of our ways of living together, and there has been not a little change in our mental outlook. It has been a social evolution and not merely an industrial revolution.

We shall clarify our thinking if we divide the period of the Industrial Revolution into two subperiods. The first, running from 1750 to 1880, may be characterized as the time during which the new forces and conditions became thoroughly implanted in our economic organization. The second, running from 1880 to the present time, may be said to be the period of the New World, for the changes in this second period have been so rapid as to constitute a new order of living and thinking.

Little space has been given in this section to accounts of factors or forces which paved the way for the Industrial Revolution. The greater part of this chapter has been concerned with these factors, and it might well be hastily reviewed. It will be especially worth while to review:

The selections giving a "Preview of the Content of Capitalism,"

page 82. "Methods of Marketing Abroad," page 152. "Medieval and Early Modern Business Associations," page 154. "Carriers and Communicators, 1660-1760," page 163. "Currency, Credit, and Banking," page 166. "The Early History of Insurance in England," page 171. "The Agricultural Revolution in the Eighteenth Century," page 190. "Loss of Control by the Gilds," page 192. "The Domestic System a Forerunner of the Factory System," page 196.

The following issues^{63a} are worth keeping in mind while reading about the Industrial Revolution:

1. By 1700 (and especially by 1750) how had the Industrial Revolution been prepared for with respect to (a) labor supply, (b) financial institutions, (c) marketing institutions, (d) materials for making power-driven machines, (e) means of transportation and communication, (f) extensive markets, (g) risk-bearing institutions?
2. What elements of capitalism came in with the Industrial Revolution? Or were they all in existence prior to the revolution?
3. What changes were brought about by the Industrial Revolution? What ones were mere accelerations of existing forces, and what ones may properly be considered new?
4. During the entire period from 1200 to 1800, what changes took place (a) in technology, (b) in the peculiarly organized market, (c) in the social control of economic activities?

1. THE CHANGES WROUGHT BY THE REVOLUTION⁶⁴

At the close of the eighteenth, and the opening of the nineteenth, century a change, or rather a series of changes, passed over the agricultural and manufacturing industry of England, which has been aptly described by the name of the "Industrial Revolution."

Until this time the general character of industry in England presented broadly the same features as those which it had exhibited during the greater part of the Middle Ages; and from that time the commencement of our modern system of industry dates. Agriculture in

^{63a} A more detailed statement of issues may be found in *Outlines of the Economic Order*, pp. 33-39. (The University of Chicago Press.)

⁶⁴ Taken by permission from L. L. Price, "The Industrial Revolution," in Palgrave's *Dictionary of Political Economy*, II, 399-401. (Macmillan & Co., Ltd., 1910.)

England and manufactures alike were then generally prosecuted on what we should term primitive and unsystematic methods. Men were raising complaints that half of the land of the country was waste. The size of the farms was small and the method of cultivation unscientific. In many parts of the country there were still open uninclosed fields; in nearly all there was an absence of any proper system of rotation of crops and of turnips and artificial grasses. Quarrels were continually arising about the rights of pasture on the common meadows, and about the boundaries of the many scattered minute parcels of land of which an individual holding was made up.

Nor was the position or character of manufacturing industry different. It was carried on, with few exceptions, by craftsmen working with their own hands in their own homes, although even then there were exceptions, for some capitalistic employers existed, and some factories had been built by the middle of the eighteenth century. The mechanical appliances and tools which the craftsmen used were generally of a simple and rude description, and the number of persons working under their direction was small. The apprentices, limited in number and term of service, and the journeymen, with their wages fixed, in theory if not in practice, by the magistrates, lived in the house and ate at the table of the master-craftsman.

Employment, such as it was, was regular; fashions varied slowly and slightly; and men produced in the main, though not exclusively, for a market which was close at hand. They were intimately acquainted with the conditions of that market, and the state of the roads was such that intercourse and trade with distant towns were rendered difficult. The workman who ventured to move from one town to another was not merely liable to be sent back to his original abode under the law of settlement, for fear that he might eventually come upon the rates in his new dwelling-place, but he might also be excluded from employment by the restrictive privileges of some exclusive trade corporation. The goods which the craftsmen made were often taken to the halls of the different corporations to be stamped as genuine.

The woollen industry was now, as it had been for a long time previously, the staple industry of the country, and was carried on at Norwich, and in the west of England, and the West Riding of Yorkshire. The iron industry, which was prosecuted in Sussex, where the

iron was still smelted by charcoal in small furnaces blown by leathern bellows worked by oxen, was said to be gradually dying out; and the cotton industry was so insignificant as to be mentioned but incidentally by Adam Smith, who lived on the very eve of the Industrial Revolution, and himself, perhaps, assisted in affording a shelter within the walls of Glasgow University to James Watt, the inventor of the steam engine, seeking protection from the exclusive tyranny of the local corporation of hammermen, who had refused to allow him to practice his trade. Adam Smith declared that there had been only three inventions of note in the cotton industry for the space of three centuries. Banking was as yet in its infancy, and the Bank of England did not issue notes of a lower denomination than £20. The external commerce of the country was hampered by a number of vexatious restrictions, and duties on imports and bounties on exports abounded, while the colonies were regarded as a field for the commercial monopoly of the mother country.

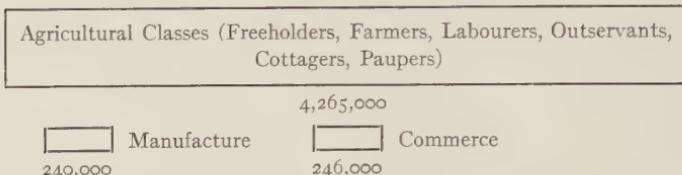
Such was the general condition of affairs before the changes which introduced the modern industrial system. These changes were bewildering in their magnitude, and, to some extent also, in the rapidity with which they were effected.

Agriculture underwent a transformation, the chief part of which, however, seems to have been accomplished in the earlier half or two-thirds of the eighteenth century. Large farms began to take the place of small farms. The inclosure of the open field was actively prosecuted, and sometimes injustice was done to the rights of the smaller commoners. Scientific cultivation was substituted, in a more or less considerable degree, in different parts of the country, for primitive methods. Bakewell improved the breed of cattle. Townshend—"Turnip Townshend" as he was nicknamed—introduced the cultivation of turnips. Coke at a later time devised an improved system of rotation of crops.

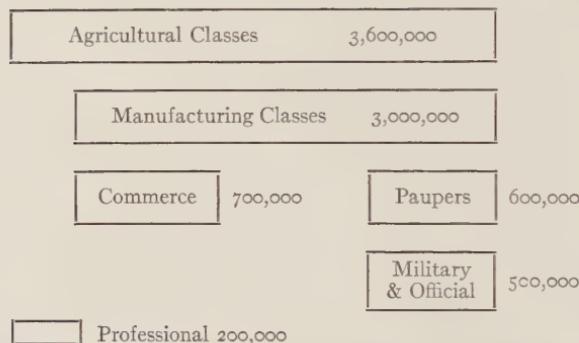
But in manufacturing industry the changes were more revolutionary, and they occurred in the latter part of the century. Four great inventions were made in the cotton industry—that of the spinning-jenny by Hargreaves; that of the water frame by Arkwright; that of the mule by Crompton; and, the most considerable and important, in its consequences to the old handicraft occupations, of all, that of

the power-loom by Cartwright. This last invention dealt a fatal blow to the fortunes of the old hand-loom weavers, and their distress has furnished a stock illustration of the temporary misery which may be occasioned by the introduction of machinery, at any rate to those workmen the labor of whose hands it supersedes. But other industries besides that of the manufacture of cotton were affected by the

KING'S ESTIMATE OF THE POPULATION, 1688*



YOUNG'S ESTIMATE OF THE POPULATION, 1769*



* Taken with permission from John A. Hobson, *The Evolution of Modern Capitalism*, p. 42. (Charles Scribner's Sons, 1912.)

changes of the times. The smelting of iron by coal was introduced by Roebuck and the decaying iron industry revived, and abandoned the charcoal forests of Sussex for the coal seams of the north and the middlelands. Canals, such as the Grand Trunk connecting the Trent with the Mersey, and the Grand Junction which afforded the means of communication between London and the chief towns of the Midlands, were constructed under the direction of the inventive genius of Brindley, and the roads of the country were improved under that of Telford. Mills were erected on the banks of rivers in order that use might be made of the water-power which was there available to drive

the new machinery, and then came the most wonderful and important discovery of all—that of the steam engine, to be followed in its turn by the railway.

All these changes gave a great stimulus to the production of wealth and the growth of population. They kindled a spirit of eager and restless enterprise, which was sometimes inclined to be reckless of injury occasioned to human life and health, and to give little consideration to the wrench to human affections which was not infrequently the consequence, direct or indirect, of the changes. For trade passed from quiet villages to noisy towns; from the home of the handicraftsman to the factory of the employer; from the master who lived together with his apprentices and journeymen, and was in general "so joined together" with them in "sentiment and love that they did not wish to be separated if they could help it," to the employer who had hundreds of "hands" working under him, whose very faces he might not himself know.

Division and subdivision of labor, organization, and localization of industry were carried out on a scale and to an extent unknown before. Master-merchants and wholesale dealers arose. Manufacturers began to produce for distant and fluctuating markets, and to crowd into, and dismiss from, their factories, as the changing demands of varying trade required, multitudes of men, women, and children. There seems to be reason for believing that something like a regular system of transporting children from London to the new manufacturing districts of the country was in operation; and there is unfortunately no doubt that the greed of parents joined with the eagerness of employers to increase the number and intensify the labor of the young apprentices in the factories. Population was stimulated by the lax administration of the poor law and by the numerous chances of earning a livelihood which presented themselves, and was, so to say, torn up by the roots from its old abodes, while the industrial world was prevaded by restless movement.

The workmen were forbidden by law to combine with a view to the regulation of trade, but under the guise of friendly societies they formed themselves into trade unions, and attempted in certain trades to restore the old system, by which the number of apprentices was

limited and the magistrates determined the rates of wages. They failed ultimately in this endeavor; but they did not cease to maintain, under circumstances of difficulty, their unions; and the state, by its Factory Acts, placed restrictions of increasing rigor and comprehensiveness on the employment of women and children. The Industrial Revolution was undoubtedly a time of great distress, which may have been increased by the Corn Laws, preventing the importation of food from abroad to make up for the scarcity occasioned by bad harvests at home, and by the depression of trade which followed the close of the great war. The nation was less inclined to regard those permanent interests, which might have been consulted by greater consideration for the health and the education of the young, than to promote the obvious and immediate interests of the moment.

2. THE CAUSES AND THE ACHIEVEMENTS OF THE REVOLUTION⁶⁵

The term "Industrial Revolution" was applied by Toynbee to the economic history of England between 1760 and 1830. Neither beginning nor end can be marked as definitely as with some political revolutions, but economic change during these years was sufficiently sudden and dramatic to justify the use of the term. The old order had not really been stationary, but change, as has been seen, had been, for a century and a half, abnormally slow. It now acquired suddenly unprecedented momentum.

The Industrial Revolution was the work of a mere handful of men. Some ten or twelve individuals revolutionised, or created, each of a number of great industries. What these men had in common was a power of surveying economic problems in a cool and rational spirit, of cutting themselves loose from the control of what had been done, and of the way in which it had been done. Viewed in this light the Industrial Revolution falls into its proper place in relation to the main stream of eighteenth-century history. It denotes the triumph of rationalism in the economic sphere. It need hardly be added that a peculiar combination of circumstances was required to enable a handful of men to produce such enormous results in a particular country and at a particular time. Events had been working for centuries to

⁶⁵ Adapted by permission from H. O. Meredith, *Outlines of the Economic History of England*, pp. 231-42. (Sir Isaac Pitman & Sons, Ltd., 1908.)

make possible the Industrial Revolution in England, as they had also been working for centuries to make possible a political revolution in France.

In general, the feasibility of large-scale production was the one thing which permitted a few individuals to alter the economic life of the nation. It gave to the cotton or iron king a greater direct authority. He controlled, as the result of it, a larger field. Indirectly the scale of his success advertised his methods proportionately and led to their more rapid spread among secondary imitators. The rush to open up new industries, the phenomenally rapid growth of manufacturing and mining districts, were prophetic of later developments in the United States or on Australian gold fields.

Hence in seeking the causes of the Industrial Revolution, we must ask what were the conditions which made possible the sudden growth of large-scale production at this particular period. These causes have been presented in outline already: (1) The decay of state regulation of industry, which left to the individual a freer hand in utilizing capital and labour and marketing his products. (2) The growth, in all departments of thought, of rationalism. In the economic sphere progress in production had gradually ceased to depend primarily upon the imitative faculty, guided by the survival of the fittest among chance variations: it came now to depend primarily upon imagination, experiment, and reason. (3) Political events. The empire and prestige of England had opened markets which promised to absorb any imaginable increase in the output of certain commodities. At the same time the security of the country from invasion and the maintenance of order within its borders had permitted the investment habit to develop until men were ready to lay out money on capital which could easily be destroyed, which yielded its returns slowly, and which could not be removed or secreted.

These conditions had been slowly ripening since the close of the seventeenth century, and meantime an initial process of experiment had been gone through leading up to the needful technique of large-scale industry. The ground was thus prepared for the rise of the great staple industries of the nineteenth century—mining, metallurgy, textiles, ceramics. Men had been familiarised in London with the possi-

bilities of banking credit and joint-stock enterprise. The first steps had been taken in the improvement of communications.

The period 1760–1830.—The achievements of the Industrial Revolution, between 1760 and 1830, may be summarised briefly as follows. The two considerable industries which existed in 1760, namely, agriculture and cloth, had changed much both in technique and structure, whilst several other industries, notably coal, cotton, iron, and ceramics, had risen to the first rank. Whilst manufactures of the domestic type had continued to expand, the influence of capitalism over them had increased, and whole branches of important industries were now carried on in large-scale establishments with expensive plants. Throughout the country, and between England and the rest of the world, exchange had grown swiftly, as particular centres and districts served wider and wider markets. Correspondingly the most important manufacturing industries had been localised in districts especially well provided with clay, ore, coal, or water power, whilst in agriculture also had occurred a marked increase of local specialisation. These changes had partly caused, partly been caused by, a general extension of banking facilities throughout the country, and the construction of two systems of communication—roads and canals. The increase in productive power, combined with the breaking up of traditional arrangements, and in some degree also defects in poor law administration, had brought about rapid growth of population. The population of England and Wales is supposed to have reached 5,000,000 in 1600 and 6,500,000 in 1750. At the census of 1831 it was 13,800,000. Its centre of gravity had shifted from the south and eastern counties to the Midlands, Lancashire, and the West Riding, and a very considerable part of the increased numbers was packed densely in towns. It was clear already that if the population continued to increase, England would not be able to provide the whole of the necessary food supply. She was already dependent on foreign countries for cotton and other important raw materials. Finally the changes which had occurred had shifted the conditions on which economic and social regulations depend. Much of the traditional system had been already destroyed, and the beginnings of new methods could be seen.

These changes had been accompanied by, and were in part at least responsible for, an incalculable quantity of human misery and

degradation. The evil which inevitably attends any considerable change in the technique of production had been accentuated by irregularity in the course of change. During the whole seventy years there had been a rapid succession of enormous fluctuations. The difficulties of the period had been increased by faulty regulation of banking and by the uncertainties of war. In spite of much general benevolence there was a growing distrust of interference by the state in economic matters, a distrust which, however indefensible in theory, was partly justified by the practical defects of existing political machinery. The rapid growth of towns was bringing with it evils which had long resisted remedy in London, but which now first began to affect a large proportion of the total population. Employment in mines and factories, together with the use of machinery, gave birth to problems for whose understanding and treatment no background of experience existed. Finally the accidental coincidence in time between the Industrial Revolution and the most serious strain of war to which the nation had ever been subjected, intensified all other evils. It drew men's attention into other channels: it made them ready to acquiesce in any evils which could be represented as incidental to increased productive power: it increased the pressure of taxation upon men whose earnings were already close to, if not below, the level necessary to efficiency.

The period 1830–1900.—If we glance now for a moment at the history of the succeeding period, 1830–1900, we notice first a continuance of the economic reorganisation, whose earlier stages have been traced above. There is growth of large-scale production together with distribution of the product from local centres over wider and wider areas; growth of transport and credit facilities; increased dependence upon other parts of the world for food and raw materials; continued growth of population in manufacturing districts, and especially in commercial and manufacturing towns. On the other hand, the problems of social organisation which were generated, or thrown into relief, by the Industrial Revolution have absorbed more and more attention. Starting with a grave distrust of the power of the state to interfere with advantage, the nation gradually reconstructs its political machinery, and swings round to something like confidence in its power to formulate and carry out deliberate schemes for good. To a

period which may be called a period of *laissez faire*—roughly 1830–1870—succeeds a period which has been called collectivist.

The superficial facts of the Industrial Revolution have been often described. They may be resumed briefly under two heads: *First*, there are the changes in the technique of production, the use of new mechanical devices and scientific processes either to attain ends which had previously been attained more expensively and clumsily, or to produce what before could not be produced at all. The industries chiefly affected were agriculture, textiles, coal, iron and steel, and mechanical and civil engineering.

Secondly, attention must be directed to structural alterations in the economy of the country. In the industries whose technique had been revolutionised, the old organisation was no longer suitable. Important shifts in the distribution of economic functions took place, the most obvious being the tendency towards enlargement in the productive unit, which resulted from the increased importance of fixed capital. Structural change, however, was by no means confined to the industries whose technique had undergone extensive alteration. The increased facilities for transport affected almost every class of producers by extending at once the range of the market which they could supply, and of the competition which it was necessary for them to face. The result was a quite general increase in production for exchange and a narrowing of the number of distinct tasks to which an individual could profitably apply his labour. Further, this increase of exchange led to the growth of intermediary classes of agents and traders—particularly important being the rise of banking, the development of produce markets, and of retail trade.

3. THE FIRST EFFECTS UPON LABOR⁶⁶

It now remains for us to show what the first effects of the industrial revolution were on the conditions of labour and on the life of the working class.

At first that influence was an object of fear. The reader will remember what mistrust and anger was roused in the working class by

⁶⁶ From pp. 409–27 of *The Industrial Revolution in the Eighteenth Century* (1927) by P. Mantoux, reprinted by permission of the publishers, Harcourt, Brace and Company, Inc.

the first appearance of machine industry. The struggle against machinery, and generally against all the technical improvements, is the best known incident of this whole phase of history. Further, it is not peculiar to any one period or country. The workman's sole capital being his labour and his technical skill, anything that depreciates their value deprives him of part of his only property. The whole advantage of machinery, and its actual *raison d'être*, is the saving in labour which it makes possible. But the workman may justifiably regard this saving as made at his expense. The orthodox answer to this popular objection is that by lowering prices machinery increases consumption; that the increase in demand hastens industrial development, and that ultimately labour, far from being eliminated, plays an ever larger part in more numerous and larger workshops. But it was impossible for the workmen, when first brought into contact with machinery, to appreciate this reasoning, which long experience has vindicated. The one thing which struck them was that they would have to fight an overwhelming competition, that many of them would lose their employment and that, in any case, their wages would fall.

Intermixed with the men's grievances against machinery was their hatred of the factory. The feeling of repulsion which it aroused is easily understood, as, to a man used to working at home, or in a small workshop, factory discipline was intolerable. Even though at home he had to work long hours to make up for the lowness of his wage, yet he could begin and stop at will, and without regular hours. He could divide up the work as he chose, come and go, rest for a moment, and even, if he chose, be idle for days together. Even if he worked in the master-manufacturer's house, his freedom, though less complete, was still fairly great. He did not feel that there was an impassable gulf between himself and his employer, and their relations still retained something of a personal character. He was not bound by hard and fast regulations, as relentless and as devoid of sympathy as the machinery itself. He saw little difference between going to a factory and entering a barracks or a prison. This is why the first generation of manufacturers often found real difficulty in obtaining labour. They would have found it still more difficult, had there not been a floating population available, which the changes in rural conditions were driv-

ing from agriculture into industry and from the country to the towns. Other workers were attracted from the poorer parts of the Kingdom, from the bogs of Ireland and from the mountains of Scotland or Wales. Thus the origin of factory labour is to be found partly in a class of men forcibly uprooted from their employment, and partly among populations to whom industry offered better opportunities than did their former employment.

In the textile trades the manufacturers found another way out of the difficulty, by resorting largely to woman and child labour. Spinning was quickly learned and needed little strength, while for certain processes the small size of the children and their delicacy of touch made them the best aids to the machines. They were preferred, too, for other and more conclusive reasons. Their weakness made them docile, and they were more easily reduced to a state of passive obedience than grown men. They were also very cheap. Sometimes they were given a trifling wage, which varied between a third and a sixth of an adult wage; and sometimes their only payment was food and lodging. Lastly they were bound to the factory by indentures of apprenticeship, for at least seven years, and usually until they were twenty-one. It was obviously to the spinners' interest to employ as many as possible and thus to reduce the number of workmen. The first Lancashire factories were full of children. Sir Robert Peel had over a thousand in his workshops at once.

The majority of these wretched children were paupers, supplied (one might almost say sold) by the parishes where they belonged. Regular bargains, beneficial to both parties, if not to the children, who were dealt with as mere merchandise were entered into between the spinners on the one hand and the Poor Law authorities on the other. Lots of fifty, eighty or a hundred children were supplied and sent like cattle to the factory, where they remained imprisoned for many years. Certain parishes drove even better bargains and stipulated that the buyer should take idiots in the proportion of one to every twenty children sent. At the beginning, these "parish apprentices" were the only children employed in the factories. The workmen, very justifiably, refused to send their own. But unfortunately this resistance did not last long, as they were soon driven by want to a step which at first had so much horrified them.

We must acknowledge that the fate of these parish apprentices, in the early spinning mills, was particularly miserable. Completely at the mercy of their employers, kept in isolated buildings, far from anyone who might take pity on their sufferings, they endured a cruel servitude. Their working day was limited only by their complete exhaustion, and lasted fourteen, sixteen and even eighteen hours. The foreman, whose wages were dependent on the amount of work done in each workshop, did not permit them to relax their efforts for a minute. In most factories forty minutes were allowed for the chief or the only meal of the day, and of these about twenty were taken up in cleaning the machines. In some factories work went on ceaselessly day and night, so that the machines might never stop. In such cases, the children were divided up into shifts, and "the beds never got cold." Accidents were very common, especially towards the end of the over-long day, when the exhausted children, almost fell asleep at their work. The tale never ended of fingers cut off and limbs crushed in the wheels.

Discipline was savage, if the word discipline can be applied to such indescribable brutality, and sometimes such refined cruelty, as was exercised at will on defenceless creatures. The well-known catalogue of the sufferings of the factory apprentice, Robert Blincoe, makes one sick with horror. At Lowdham (never Nottingham) whither he was sent in 1799 with a batch of about eighty other boys and girls, they were only whipped. It is true that the whip was in use from morning till night, not only as a punishment for the slightest fault, but also to stimulate industry and to keep them awake when they were dropping with weariness. But at the factory at Litton matters were very different. There, the employer, one Ellice Needham, hit the children with his fists and with a riding whip, he kicked them, and one of his little attentions was to pinch their ears until his nails met through the flesh. The foremen were even worse, and one of them, Robert Woodward, used to devise the most ingenious tortures. It was he who was responsible for such inventions as hanging Blincoe up by his wrists over a machine at work, so that he was obliged to keep his knees bent up, making him work almost naked in winter, with heavy weights on his shoulders, and filing down his teeth. The wretched child had been so knocked about that his scalp was one sore all over. By way

of curing him, his hair was torn out by means of a cap of pitch. If the victims of these horrors tried to escape, their feet were put in irons. Many tried to commit suicide, and one girl, who took advantage of a moment when the supervision relaxed and threw herself into the river, thus regained her freedom; she was sent away, as her employer "was afraid the example might be contagious."

Of course, not all factories witnessed such scenes, but they were less rare than their incredible horror would lead one to suppose, and were repeated until a system of strict control was set up. Even if they had not been ill-treated, excessive labour, lack of sleep and the nature of the work forced on children during the critical period of their growth, would have been quite enough to ruin their health and deform their bodies. The food, too, was often bad and insufficient. They had black bread, oatmeal porridge and rancid bacon. At Litton Mill the apprentices used to struggle with the pigs fattening in the yard, in order to get some of the food in their troughs.

It must not be assumed that the status of all workers under the factory system was like that of the apprentices in the spinning mills. But, even though adults were not treated with quite the same revolting cruelty, their life in the factory was hard enough. They, too, suffered from too many working hours, from overcrowded and unhealthy workshops, and from tyrannical foremen and overseers. With them, the despotic employer, instead of physical violence, resorted to fraud.

4. SIGNIFICANCE OF THE INDUSTRIAL REVOLUTION⁶⁷

The "Industrial Revolution" has done far more than shower upon us a series of "great inventions" or bless mankind with a new technique. Appearing gradually and working indirectly, as well as directly, it has affected our whole world of thought, of action, and of institutions; it has modified our economics, our politics, our ethics, and even our religion; it has changed in nature, number, and form our baffling problems; it has written itself large in our culture. In view of its many-sidedness and the gradual way in which it has effected and is still effecting its changes, it seems amiss either to call it "industrial" or to refer to it as a "revolution."

⁶⁷ Taken by permission from W. H. Hamilton, *Current Economic Problems*, pp. 36-37. (The University of Chicago Press, 1915.)

We look in vain for its beginnings. We know that early mediaevalism could have given us nothing which, even erroneously, could be called an "industrial revolution." Before it could appear the mediaeval scheme of values had to be transformed. Desires for earthly things had to be freed from their unethical taint; a wholesome respect for the world had to be built up; man had to acquire greater reverence for his own powers and functions; people had to learn to conform to the things of this world if they would transform it. This change in the attitude toward life and its problems was intimately associated with several other lines of development. There appeared a new interest in nature as nature, a new philosophy, a new mathematics, and a new physics. These laid the foundation of the new technique. Many discoveries of new lands were made, adding tremendous resources calling for utilization. There was brought to Europe gold alike serviceable for the furtherance of the new money economy and the more rapid accumulation of capital. Colonial ventures led to an extension of the market and a great increase in the size of the industrial unit. This necessitated a reorganization of the "factory" and a more extensive use of the principle of the division of labor. The last produced a minute specialization which both served to create an incentive for the invention of new machines and furnished an opportunity for their use. Together with accumulated capital and the necessary scientific knowledge this new organization led to the new technique. Even this is not the whole story; for in England the movement was hastened by conditions peculiar to the country. The indented coastline, by cheapening transportation and enlarging the market, must have been a factor of prominence. It has been suggested, too, that an institution, seemingly as extraneous as primogeniture, played its part by forcing into mercantile pursuits those whose veins contained the adventurous blood of nobility.

The course of the "revolution" has been as comprehensive as its antecedents. The changes in technique are most clearly appreciated. Even here the tendency toward a "machine-process" embracing a large part of the industrial system is generally overlooked as is also the seemingly antagonistic fact that up to the present the conquest of the older system by the machine has been partial and incomplete. On the

economic side, the increasing importance of capital, the rise of the "factory system," the disappearance of "domestic industry," the trend toward large-scale production, the separation of the laborer from the "tools of his trade," and increasing class differentiation based upon differences in industrial functions are most clearly seen. These aspects of the movement raise the questions of artificially controlling the tendencies inherent in the development of the machine-system, the determination of the size of the industrial entry, the social control of large aggregates of wealth such as railroads and capitalistic monopolies, the elimination of economic insecurity which alike attends labor and capital, the equities of the distribution of wealth, and the urban enigmas of overcrowding, housing, sanitation, vice, and poverty. They reveal, too, just over the horizon the more ominous questions of property, inheritance, and the reconstruction of industrial society.

The questions reveal but a single aspect of the influence of the Industrial Revolution. Political, ethical, religious, and social questions have all been involved in the general transformation of life and values. In many cases they are inseparably connected with economic problems. For instance, when the machine took over the work of the home, the latter became a new institution. One writer insists that the home, and woman as well, for all that, has not yet adapted herself to the new society. We all complain that the "machine-process" has entered our colleges, and that college instruction is being "standardized" and college graduates "tagged." We all, at least occasionally, complain of the inability of law and religion alike to adjust themselves to modern industrialism. And our friends in ethics tell us that the newer industrial life is effecting startling changes in our standards of social and individual ethics.

And are we sure that we have reached the end of the "revolution"? Most likely we are in a second stage of the process where problems are vastly different from those met in the first stage which occupied the larger part of the nineteenth century. Perhaps there will be a third stage unlike the second. Clearly the end of the new technology is not as yet. The technique first introduced has not as yet produced its full complement of social results. Quite as important, the new technique is being rapidly extended over a wider and wider area, constantly affecting the fortunes of people less and less adapted to it. Its

extension preserves a frontier where machine-culture is constantly pushing back a civilization founded on a less complex technique. The reaction upon our system is fraught with grave consequences.

H. Medieval Social Control of Industrial Activity

"Economic activities are carried on largely in group life and, even when most individual, are affected by group life," and one cannot see any economic organization in perspective until he understands its general framework of social control.

The time has not yet come in our study for any exhaustive analysis of social control of economic activities. That should wait for a more complete understanding of those activities. But it is well, at this close of the analysis of the emergence of the modern order, to take a bird's-eye view of the changes which took place in social control as economic organization changed.

The following issues will serve to point more sharply the readings on social control:

1. What shifts have occurred in the relative importance of agencies of social control since medieval times?
2. What would "fair dealing" and "just price" mean to a medievalist? To a person living today?
3. What *was* usury and what *is* usury? How is the shift in social attitude to be explained?
4. Wherein does the outlook of medieval social control differ from the outlook of mercantilism?
5. Wherein does the outlook of mercantilism differ from that of the "natural order" and its political corollary, *laissez faire*?
6. How have we arrived at "individualism" as the term is used today?
7. Is there basis for the generalization that social control was local, became national, and now tends to become international?

1. THE CHURCH AND ITS TEACHINGS

The mediaeval Church was very different from modern churches, whether Catholic or Protestant.⁶⁸

1. In the first place, every one was required to belong to it, just

⁶⁸ Adapted by permission from J. H. Robinson, *An Introduction to the History of Western Europe*, pp. 201-2. (Ginn & Co., 1903.)

as we all must belong to the state today. One was not born into the Church, it is true, but he was ordinarily baptized into it before he had any opinion in the matter. All western Europe formed a single religious association, from which it was a crime to revolt. To refuse allegiance to the Church or to question its authority or teachings was reputed treason against God and was punishable with death.

2. The mediaeval Church did not rely for its support, as churches usually must today, upon the voluntary contributions of its members. It enjoyed, in addition to the revenue from its vast tracts of lands and a great variety of fees, the income from a regular tax, the *tithe*. Those upon whom this fell were forced to pay it, just as all must now pay taxes imposed by the government.

3. It is obvious, moreover, that the mediaeval Church was not merely a religious body, as churches are today. Of course, it maintained places of worship, conducted devotional exercises, and cultivated the spiritual life; but it did far more. It was, in a way, a state, for it had an elaborate system of law and its own courts, in which it tried many cases which are now settled in our ordinary tribunals. It had also its prisons, to which it might sentence offenders to lifelong detention.

4. The Church not only performed the functions of a state; it had the organization of a state. Unlike the Protestant ministers of to-day, all churchmen and religious associations of mediaeval Europe were under one supreme head, who made laws for all and controlled every church officer, wherever he might be, whether in Italy or Germany, Spain or Ireland. The whole Church had one official language, Latin, in which all communications were dispatched and in which its services were everywhere conducted.

The teaching of the Gospel as to worldly goods had been unmistakable.⁶⁹ It had repeatedly warned men against the pursuit of wealth, which would alienate them from the service of God and choke the good seed. It had in one striking instance associated spiritual perfection with the selling of all that a man had that he might give it to the

⁶⁹ Adapted by permission from W. J. Ashley, *An Introduction to English Economic History and Theory: The Middle Ages*, pp. 126–32, 155–63. (Longmans, Green, & Co., 1892.)

poor. It had declared the poor and hungry blessed, and had prophesied woes to the rich. Instead of anxious thought for the food and raiment of the morrow, it had taught trust in God; instead of selfish appropriation of whatever a man could obtain, a charity which gave freely to all who asked. And in the members of the earliest Christian Church it presented an example of men who gave up their individual possessions and had all things in common.

We cannot wonder that, with such lessons before them, a salutary reaction from the self-seeking of the pagan world should have led the early Christian Fathers to totally condemn the pursuit of gain. It took them further—to the denial to the individual of the right to do what he liked with his own, even to enjoy in luxury the wealth he possessed.

If, however, to seek to enrich one's self was sinful, was trade itself justifiable? This was a question which troubled many consciences during the Middle Ages. On the one hand, the benefits which trade conferred on society could not be altogether overlooked, nor the fact that with many traders the object was only to obtain what sufficed for their own maintenance. On the other hand, they saw that trade was usually carried on by men who had enough already, and whose chief object was their own gain. Moreover, as the trader did not seem himself to add to the value of his wares, if he gained more for them than he had paid, his gain, said S. Jerome, must be another's loss; and, in any case, trade was dangerous to the soul, since it was scarcely possible for a merchant not sometimes to act deceitfully.

To all these reasons was added, by many of the more saintly churchmen, yet another, which, had it been listened to, would have put an end to secular activity altogether. The thought of the supreme importance of saving the individual soul and of communion with God drove thousands into the hermit life of the wilderness or into monasteries; and it led even such a man as Augustine to say that "business" was in itself an evil, for "it turns men from seeking true rest, which is God."

Such was the general character of the teaching of the Church on economic matters during the early Middle Ages.

In the eleventh century, however, began a great moving of the

stagnant waters. The growth of towns, the formation of merchant bodies, the establishment of markets, even if they did no more than furnish the peasant and the lord of the manor with a market for their surplus produce, brought men face to face with one another as buyer and seller in a way they had not been before. But they did more; they prepared the way for the growth of a new class, a class of craftsmen, who could exist only on condition that they were able to sell their manufactures. At the same time new needs for money appeared both in crusades and in the passion for churchbuilding, which the religious revival of the tenth century brought with it. Hence, economic questions, especially such as concerned the relations of seller and buyer, of creditor and debtor, became of the first importance.

On two doctrines especially did the churchmen insist—that wares should be sold at a just price, and that the taking of interest was sinful. They enforced them from the pulpit, in the confessional, in the ecclesiastical courts; and we shall find that by the time that the period begins of legislative activity on the part of the secular power, these two rules had been so impressed on the consciences of men that Parliament, municipality, and gild endeavored of their own motion to secure obedience to them.

Usury.—As regards the taking of interest, it may be said that during the period from the eleventh to the fourteenth century there was but a very small field for the investment of capital. We must not forget that England was, almost entirely, an agricultural country and that its agriculture was carried on under a customary system which gave little opportunity for the investment of capital. Even in the rising manufactures of the time there was little room for “enterprise” or “extension of business”; the demand was too small, the available workmen too few, for any such rapid increase in production as we are nowadays familiar with.

Under such circumstances, when money was borrowed, it was usually to meet some sudden stress of misfortune or for “unproductive” expenditure, e.g., by a knight to go on crusade or by a monastery to build a church. In some cases like these it seemed unjust that a person possessing money which he could put to no productive use himself should make gain out of the necessities or piety of another. Ample security was usually given for the return of the money lent;

and as the alternative to lending was that the money remained idle in the hands of its possessor, he was in just the same position when his money came back to him as if he had never parted with it. Surely, under these circumstances, we cannot blame the moralists who thought that the evils of usury were so great that they did well to prohibit the payment of interest altogether. And such an opinion was likely to be strengthened by the grievous results before their eyes of such usury as was permitted—that exercised by the Jews. The Jews of history were not cringing cowards, but too often merciless bullies, confident of the royal protection. We can hardly blame them. They were shut out by law or prejudice in almost every country from engaging in agriculture, industry, or commerce, and were thus almost driven to trade in money.

It is scarcely denied by competent modern critics that, at some period at any rate, during the Middle Ages there was such an absence of opportunities for productive investment as relatively to justify this strong prejudice against interest; the only difference of opinion is as to how late that period reaches. One writer is of opinion that even before the twelfth century the economic condition of things was such that the papal decrees could not possibly meet with obedience: he can only regard the effort of the Church as a vain struggle against irresistible tendencies. To another the prohibition seems justifiable far into the fifteenth century. It is clear that the growth of commerce from the thirteenth century onward must, by widening the field for profitable investment, have lessened the injustice of taking interest.

We must, however, notice the application of the prohibition to cases other than money loans. The repayment of a loan together with interest in money had, of course, been the first subject of prohibition, but even the Fathers of the fourth and fifth centuries had rebuked those who pretended that usury consisted only in taking *money* interest. If you lend money to a man, expecting to receive from him more than you have given, whether it is in money or in corn, wine, oil, or anything else, you are a usurer, says S. Augustine.

The transition was easy from usury, strictly so called, to usurious practices in ordinary trade. Thus all payment of money in return for *the giving of credit*—all bargains in which goods were sold at a price higher than their real value in consideration of the seller's having to

wait some time before he was paid—were deemed usurious. For it was the same as if the seller were to charge interest for lending the goods themselves, or the amount of money which was the just price of the goods, to the buyer for the period during which the seller waited for payment.

Just price and usury.—It is easy to see how the theory of usury, when it had once been developed to this point, would come to be interwoven with the theory of just price, until the one could in many doubtful cases be brought to strengthen the other. It will be worth while to conclude this section with two quotations which show how the teaching was presented in a popular form. The following is taken from the *Ayenbite of Inwyt*, a sort of manual for confessors, of wide use in the later Middle Ages, itself a translation made in 1340 by a certain Dan Michel, a monk of Kent, from a French treatise written in the previous century: “The eighth bough of Avarice is chaffering, wherein men sin in many ways, for worldly gain, and especially in seven ways. The first is to sell things as dear as one can, and buy things as cheap as one can. The next is lying, swearing, and foreswearing, the higher to sell their wares. The third is by weights and measures, and that may be in three ways: the first when a man has divers weights or divers measures, and buys by the greater weights or measures and sells by the lesser; the second when a man has right weights and measures but makes an untrue use of them, as when taverners fill a measure with scum; the third when in weighing a thing it is made to appear heavier than it is. The fourth manner of sin in chaffering is to sell to time [referring doubtless to sales on credit]. The fifth manner is to sell otherwise than one hath showed before, as the scriveners do who begin with words fairly written. The sixth is to hide the truth about the thing one sells, as to horsedealers. And the seventh is to contrive that the thing sold should appear better than it is; as when cloth-dealers sell their cloth in a dim light.”

Usury is also divided into seven kinds. “The first when a loan is made in money, and the lender receives profits in money, or in horses, or corn, or wine, or fruits of the land which he takes in pledge, over and above the capital sum, and without reckoning them as part payment. What is worse, a creditor will sometimes demand payment several times in a year, to raise the rate of usury, even when at each term

he receives a gift; and he will often turn the interest into the principal debt. These are usuries evil and foul. The courteous lender is he that lendeth without making bargains for profit. . . . The next manner of usury is that of those who do not lend themselves, but retain what their fathers, or those whose wealth they have inherited, have received through usury. The third way is that of those who are ashamed to lend with their own hand, but lend through their servants or somebody else. They are thus master money-lenders; and of such sin those great ones are not free who support Jews and other usurers, that destroy the country, receiving from them the ransom money of the goods of the poor. The next way is that of those who borrow at a low rate of interest themselves and lend at a greater—the little usurers. The fifth manner is when a man sells a thing for more than it is worth at the time; or, what is worse, when he sells at a time when his wares are greatly needed for twice or thrice as much as they are worth. The sixth manner of usury is to lend money to merchants on condition that they shall share in gains but not in losses. . . . And finally the seventh manner is that of those who lend a little to their poor neighbours when they are in need, on condition that they shall work for them, and get out of them three pennyworth of work for every penny lent."

See also "The Capitalistic Spirit and the Protestant Ethic," page 102.

2. CONTROL BY PUBLIC AUTHORITIES, LOCAL AND NATIONAL

The public authorities were not content with having provided society with the mere instruments of exchange; with the growing trade of the thirteenth century they felt themselves bound to regulate every sort of economic transaction in which individual self-interest seemed to lead to injustice.⁷⁰ This regulation was guided by the general principle that *just* or *reasonable price* only should be paid, and only such articles sold as were of good quality and correct measure. Most of the enactments and rules were aimed at preventing some particular form of fraud, usually in some particular article; and no hard and fast line can be drawn between the action of the central authority and that of

⁷⁰ Adapted by permission from W. J. Ashley, *An Introduction to English Economic History and Theory: The Middle Ages*, pp. 181–204. (Longmans, Green & Co., 1892.)

local authorities of town or gild. Still, some of the regulations were of the nature of general rules of trade, and some commodities were felt to be of such general importance as to make it necessary for the Government to give special attention to them. It will be convenient to follow this division in describing the measures in question.

The rules of most far-reaching consequence were those prohibiting the allied practices of *forestalling*, *engrossing*, and *regrating*—terms which came later to have a separate meaning, but in the thirteenth and fourteenth centuries seem to have been used as synonymous for any action which prevented goods from being brought by the producer or *bona fide* merchant to open market—the forestaller or engrosser buying them wholesale, either outside the town or in the market itself, and then securing by means of monopoly a higher price than would otherwise have been paid.

Among other methods of forestalling, ordinances of the same period especially mention those who buy wares in a town before the hour fixed for the opening of the market, and those in ports who go out to ships laden with merchandise as they enter and “do buy the merchandise in gross and then do sell them at greater and dearer prices than the first merchants would do, to the grievance of the common people.” In the later years of Edward III the prohibition of forestalling was again and again renewed by statute.

The prohibition, it is clear from the wording of the statutes, had primary reference to those who endeavoured to secure local and temporary monopolies of the supply of food, especially of corn, though it was wide enough to cover all similar attempts with other wares. We do not interfere with such speculation now, not from any belief in the usefulness of such speculation, but only because we do not believe it can, to any large extent, succeed. But the very attempt is still regarded with general disapprobation, and there are signs that “corners” would not be uninterfered with by the State if they were successful with any commodity of great social importance. During the Middle Ages it may be said that economic conditions were such that individuals could, if unrestrained, control or get into their power the supply of commodities. It must be remembered that the supply in the case of corn and other food stuffs, was necessarily a local one.

Of all articles *bread* is that in the price of which the community

is most interested. Hence, it was the very first to be directly dealt with by the Government. It did not seem possible to fix an unalterable price for corn. The men of the time might perhaps have argued that if the agriculturist gave each year the same amount of labour to his land he ought to receive much the same reward, and this could not be unless he got a higher price when the harvest was deficient. All that the legislation we have just noticed attempted to do was to prevent any speculation in corn and any unnecessary interference of middlemen.

And accordingly, in limiting the price of bread, it was not attempted to establish an invariable standard, but only a sliding scale, according to which the *weight* of the farthing loaf should vary with the price of the quarter of wheat. Such an *Assize of Bread* was first proclaimed in 1202, coming in natural sequence after Henry II's reformation of the coinage and Richard I's assize of measures.

From bread the legislator naturally turned his attention to the other necessary of mediaeval life, *ale*.

In curious contrast with its anxiety about the price of bread the central Government left the regulation of the price of *meat* entirely to the local authorities, contenting itself with the enactment that butchers selling unwholesome meat should be severely punished.

The town magistrates, indeed, were not less anxious than were Parliament and the ministers to keep the trade in articles of food under due control. Besides carrying out the assizes of bread, ale, and wine, they issued ordinances regulating the prices of poultry and fish, appointing the markets at which each sort of food was to be sold, and providing for their supervision. Accounts of punishments inflicted on persons selling unwholesome food form a very considerable part of the town records.

Among craftsmen, some were more than others subject to regulation by the town magistrates. They were such as had no fixed shops, but moved about from place to place to perform particular pieces of work, "carpenters, masons, plasterers, daubers, tilers, and the servants of such."

There were, however, but few other cases in which the municipal authorities attempted to regulate wages or prices before the middle of the fourteenth century. No doubt the town magistrates claimed the right to regulate wages when they thought proper, and this right they

occasionally exercised, e.g., in London, to regulate blacksmiths' charges for shoeing horses. This was a matter in which a traveller in a hurry might be at the mercy of a blacksmith. So also the charges to be made by curriers and leather-dressers were limited. But, as a rule, the price of manufactured goods seems to have been left to be determined by the rules of the gilds; the limitation in London of the price of spurs by civic ordinance is an almost solitary example to the contrary. Unfortunately, we have too little evidence to be able to speak with confidence as to how the gilds regulated prices. The weak point in the system was that when once the gilds became firmly established they tended to limit their numbers and to raise prices.

The direct action of the Government influenced the economic life of society in many other respects, both in the way of facilitating trade, and also by limiting it in certain directions. Of these limitations the most important was the prohibition of usury.

Lastly, mention must be made of the great service which the Government rendered to commerce and trade by the establishment of a simple procedure to enforce the payment of ordinary mercantile debts. This was by the Statute of Merchants or of Acton Burnell in 1283.

*Coinage, weights, and measures.*⁷¹—The first strictly economic duty undertaken by the Central Government was the provision of currency and regulation of weights and measures. Four conditions need to be fulfilled if a country is to secure a satisfactory current coin, where the problem is complicated by international trade. First, the right of coinage must be monopolised by some central authority; second, that authority must abstain from falsifying the currency; third, the technique of coining must be adequate to prevent either the circulation of false money or the deliberate debasing of true money; fourth, machinery must be provided for withdrawing automatically from circulation those coins which are lightened by wear. In the period under consideration the two first of these conditions were fulfilled, the two last were not.

Next in importance to the issue of a national currency comes regulation of weights and measures. As early as the reign of Edgar we find it enacted that weights and measures should everywhere be the

⁷¹ Adapted by permission from H. O. Meredith, *Outlines of the Economic History of England*, pp. 62–68. (Sir Isaac Pitman & Sons, Ltd., 1908.)

same as at London and Winchester; but little was done, apparently, to enforce uniformity before the reign of Richard I.

No less important was the part played by the Crown in providing the necessary legal status for domestic and foreign trade. Apart from the enforcing of law and order two points require consideration: first, the part played by the Crown in the maintenance of trade routes; second, in the growth of interlocal exchange.

Maintenance of trade routes.—During these centuries the most important trade routes were old Roman and pre-Roman roads and navigable rivers. Coasting trade generally, and in particular the carriage of coal from Newcastle to London and to the ports on the South coast, was only slightly developed at the beginning of the reign of Edward I. For the maintenance of roads little was done at this or any other time before the eighteenth century.

Regulation of treatment of outsiders.—As a mediator between divergent interests the Crown claimed the right to prevent exploitation in all its forms. One of the difficulties of development by privilege was the treatment of outsiders by a privileged body. Thus the traders of one town might exact exorbitant tolls from merchants who visited them. It is true that the interest of the municipality in attracting merchants limited this tendency to exploit the foreigner. But it is evident that the ports and the towns astride of great trade routes were in a position, if left to their own devices, to injure considerably places less fortunately situated.

If the Crown had important functions as mediator between English interests, its share in determining the relations between English and foreign traders was still greater. In foreign, as in domestic, trade the political rights, which are a necessary basis of exchange, were secured to the individual merchant as a member of a municipality, and not as belonging to a certain nationality. The merchant of a foreign town who landed in England was dependent on the terms which that town had obtained and could seldom fall back on rights obtained by treaty between a national sovereign and the English King. But, although on the side of the foreigner the city and not the nation was the negotiating unit, England early presented at least some suggestion of a national front. For foreign trade interested both king and aristoc-

racy; it was a valuable source of taxation; it brought desirable luxuries. Hence, a constant sale of privileges to the merchants of foreign towns, which limited more or less the action of English municipalities.

3. FAIR DEALING AND FAIR PRICE⁷²

So far as the affairs of individual workers or dealers came before the courts they, of course, tried to do what was fair between man and man; and in their customs we find the record of their practical wisdom and experience. They had not necessarily a very high ideal of Christian duty, and the gild merchants do not appear to have had the religious side of life very markedly developed; but they felt that "honourable thing was convenient" for the men of the town, and they tried to enforce what was fair as to a day's work and a day's pay and to secure that transactions should be conducted on *reasonable* terms—that the buyer should pay a reasonable sum for an article on which the seller made a reasonable profit. But we must again remember that, though the courts and their customs embodied this view, it was not necessarily the line taken by each individual tradesman. The mediaeval craftsman would scamp his work, and the mediaeval merchant try to pass off inferior articles at high prices, but we only hear of him when he was found out.

In the attempt to do the fair thing between man and man many regulations were framed on matters which we now allow to take their own course. At the same time there is an obvious advantage in thinking out the fair price and settling it where this can be done. There is a distinct advantage in having an authoritative tariff as to the reasonable cab fare, and the maintenance of regulations in regard to those vehicles does not, in all probability, interfere with the prosperity of the trade; so long as the regulations are wise, they subserve the comfort of the public and the good of the trade. In the circumstances of mediaeval commerce, when there were comparatively slight fluctuations in the conditions for the supply of manufactured goods, and labour was such a very important element in the cost of production, it was almost as easy to frame similar regulations for reasonable trans-

⁷² Adapted by permission from W. Cunningham, *The Growth of English Industry and Commerce: Early and Middle Ages*, pp. 228–35. (The Cambridge University Press, 1890.)

action in trades of all sorts as it is to fix rates for cab hire in the present day.

There were of course varieties of season, and the food supply was necessarily drawn from a comparatively limited area, so that a local scarcity would affect prices more than it does in the present day. The price of corn was necessarily left to be settled by competition, and all that could be done was to try and ensure that this competition should be public, and that there should be no attempts to make a profit by speculative transactions or by creating an artificial scarcity; prohibitions of engrossing and regrating had this object in view. But when the price of corn had adjusted itself by "the higgling of the market," a sliding scale could be used to adjust the price of bread, so that the baker might recoup his expenses and get a fair profit, while the public would be supplied at rates which were not excessive. This sliding scale was known as the Assize of Bread; it was certainly framed in the time of Henry II, but this need not have been the first attempt at formulating it.

When the price of food was thus known it was possible and "reasonable" to assign rates of wages; in the time of Henry II wages were apparently intended to vary along with the price of bread, and in and after the time of Elizabeth this scheme was carried out with more or less success by the justices of the peace; at other times the authorities were content with fixing a maximum rate.

Some attempt was also made at enforcing a standard of quality in the goods exposed for sale; we read of an assize of cloth in the time of Richard I. This might have been devised with a view to the protection of the purchasers of imported cloth, but it would also serve as a standard for the weavers, as the manufacture was gradually developed in England and Wales.

The municipal courts enforced what was fair as a matter of policy, but there was another authority which dealt with what was right and wrong as a matter of Christian duty.

In regard to some matters it is difficult to determine how far public opinion was swayed by practical experience and how far it was really moulded by Christian teaching. This is the case in regard to usury. But there can be little doubt about the doctrine of price; the

whole conception of a just price appears to be purely Christian; it is unknown to the Civil Law and had as little place in Jewish habits as it has in modern society; but it really underlies a great deal of commercial and gild regulation and it is constantly implied in early legislation on mercantile affairs.

S. Thomas Aquinas, whose treatment of the subject is classical, assumed that everything has a just price, that there is some amount of money for which it is right that the owner of the ware should exchange it. The just price is not an arbitrary demand, as an extortionate dealer may obtain an absurd price when he sees that he can drive a hard bargain, or a man in need may be willing to part with some heirloom for a mere trifle, for in the one case there is unfair gain, in the other a real sacrifice. The just price is known by the common estimation of what the thing is worth; it is known by public opinion as to what is right to give for that article under ordinary circumstances.

So far we have a parallel with modern doctrine; the mediaeval "just price" was an abstract conception of what is right under ordinary circumstances; it was admittedly vague, but it was interpreted by common estimation. Modern doctrine starts with a "normal" value which is "natural" in a régime of free competition; this too is a purely abstract conception, and in order to apply it we must look at common estimation as it is shown in the prices actually paid over a period when there was no disturbing cause.

Common estimation is thus the exponent of the natural or normal or just price, according to either the mediaeval or the modern view; but whereas we rely on the "higgling of the market" as the means of bringing out what is the common estimate of any object, mediaeval economists believed that it was possible to bring common estimation into operation beforehand, and by the consultation of experts to calculate out what was the right price. If "common estimation" was thus organized, either by the town authorities or gilds or parliament, it was possible to determine beforehand what the price should be and to lay down a rule to this effect; in modern times we can only look back on the competitive prices and say by reflection what the common estimation had been.

It was of course felt that this mode of detecting the just price was not very precise, and, indeed, that it was not possible to determine the

just price of any article absolutely. The obvious fact that the seasons varied made it clear that the price of food could not be fixed once for all. They did think it was desirable, then, to settle them as much as possible, so as to leave less room for arbitrary demands and unreasonable rates.

Prices assigned by common estimation would sometimes be high and sometimes low, according as an article was plentiful or not; the just price varied from time to time for such commodities. Nor was it unjust for a man to sell an article for more than he had paid for it as its just price, if there had been a change of circumstances—such a change of time or place that he deserved remuneration for some trouble in connexion with transport or for other service rendered. But it was unjust to try to get an arbitrary price, that is, to try to form a ring, or to speculate on the possibilities of the future in such a way as to be able to demand an extortionate price. If we allowed ourselves to be guilty of the anachronism of trying to summarise mediaeval doctrine in modern terms, we should say that they thought it unjust to sell without conscious reference to what is now called the cost of production. It was impossible for them to give a positive justification for the profit of the man who bought to sell again; all that moralists could say was that under certain circumstances it was not wrong to do so, and practical men kept a suspicious eye on the dealings of middlemen.

See also:

- “Leading Aspects of Gild Policy,” page 112.
- “Ordinances of the Gild Merchant of Southampton,” page 115.
- “Ordinances of the White Tawyers of London,” page 118.
- “The Law Merchant and Its Influence on Modern Commercial Law,” page 140.
- “The State and Capitalism,” page 95.

4. THE DEVELOPMENT OF INDIVIDUALISM⁷³

With a view to determining the task of the twentieth century, it would be well if we should trace as far back as possible the whole course of human development (for each part receives the meaning from the whole); but as space forbids this, we must be content to gain

⁷³ Adapted by permission from Thomas Davidson, “The Task of the Twentieth Century,” *International Journal of Ethics*, XII (1901-2), 23-28.

what light we can by going back for a few centuries, say to the close of the Middle Age.

The task of that age may be stated in a few words. It consisted in keeping steadily before each individual soul the fact of its own eternity and impressing upon it that its weal or woe, throughout that eternity, depended upon its pursuing a definite course of conduct. So far, nothing could have been better. But, unfortunately, though as we may well believe, necessarily, these things were presented in an external, dramatic way, as arbitrary revelations from an external God, and backed by such awesome sanctions as made the soul feel itself a mere helpless worm of the dust, in presence of an irresponsible omnipotence. In one word, human life in these ages was entirely regulated by *authority*, which, though it might produce a certain amount of socially desirable conduct, as even the poorest of motives such as fear or avarice may, rendered all true morality, which depends upon a free, rational determination of the will, utterly impossible. The excuse for such authority was the fantastic belief that human nature, as such, was utterly fallen, degraded, and incapable of self-direction; that, hence, if ever it was to reach its true end, it must entirely submit itself to external guidance, that is, authority, or direct inspiration.

In a system which accepted authority as a guide of life on pain of damnation, there was, of course, no room for freedom of any sort, freedom of thought, freedom of affection, or freedom of will. And, as a matter of fact, all these forms of freedom were, as far as possible, vigorously suppressed. Free inquiry into the laws and nature of the world gave way to a timid, scholastic discussion of the meaning of authority. Above all, free self-determination of the will, possible only through free inquiry and free affection, was placed under the ban. The mediaeval church, in part directly, in part indirectly, through the state, sought to regulate every thought, feeling, work, and deed of its members, and of all whom it claimed as such. When it was resisted, it shrank from no extremes.

The task of the centuries since the close of the Middle Age has been gradually to remove this yoke of authority, and to raise men to freedom of thought, affection, and will—in a word, to rational self-guidance or moral life. This has been done, partly through actual resistance to authority, a resistance necessitated by social suffering, and

partly through discoveries in the worlds of nature, history, and philosophy.

The sixteenth century was marked by great advances in all directions. The discovery of America, the proof positive of the earth's rotundity, and the Copernican astronomy utterly broke up the mediaeval view of the universe, the science of astrology, and the astronomical ethics depending on both, and thus freed men from a whole load of ignorance and superstition in matters physical and moral. At the same time the Reformation among the Germanic nations freed northern Europe from papal authority, and introduced the principle of free inquiry (without, indeed, recognizing its full import), while the Pagan Renaissance among the Latin peoples went far to free the south from that nature-distorting asceticism to which much of the church's authority was due, and to make the perfection of human nature, instead of the glory of God, the end of human activity. Under the influence of both these movements education of a human sort spread rapidly, art revived, and the human mind advanced toward autonomy.

The seventeenth century is, unlike the sixteenth, which had been largely a period of destruction in matters spiritual, a period of reconstruction. Now, not only are the old sciences and philosophies put aside, but new sciences and new philosophies spring up to take their place. And, strange to say, these new sciences and philosophies are all animated by a common spirit utterly different from that of the Middle Age. Just at the time when the earth, man's abode, ceased to be regarded as the centre of the physical universe, man himself came to be regarded as the centre of the spiritual universe. It is this fact that makes the modern world, as distinguished from the ancient and mediaeval. Though the meaning of this fact has been but slowly coming to consciousness, it is now obvious enough to anyone who cares to think. It is this: whereas in the older world all truth was tried by an external authority, supposed to be revealed, and human reason was relegated to a thrall's place; in the modern world, human reason is elevated to the first place, and all authority, even the existence of God himself, has come before its tribunal, and accepts its verdict. Thus truth is no longer dependent upon authority but authority upon truth.

This great change is due mainly to two men—the English Protestant Locke and the French Catholic Descartes; but we find it in ear-

lier writers, in Hooker and Hobbes, for example. Both these latter writers place the origin and, therefore, the authority of human society in a social contract, and not in divine appointment, and are thus the parents of Rousseau and the French Revolution. Locke and Descartes, working on different lines, came practically to the same conclusion, namely, that in the human consciousness lie the test and reality of all truth, and, therefore, of all life guidance. From them comes all modern thought, in all its different phases, from the crassest materialism to the flimsiest idealism. To the seventeenth century belong Leibniz and Spinoza, Newton and Galileo, Vico and Grotius; hence, the beginnings of modern science in all its branches. To it also belong the first effective movements toward what may be called individualism which was destined to play such a part in the subsequent world. They take their rise in Holland, England, and Scotland, and find their overt expression in the three great anthropocentric movements of the century—the two English revolutions and the foundation of a new order of things—whose very essence is individualism, in the newly-discovered continent beyond the Western Sea. If the sixteenth century saw the collapse of external spiritual authority and the rise of rationalism, the seventeenth saw the collapse of external temporal authority and the rise of individualism, backed too by a philosophy which showed it to be rational and practicable.

In the eighteenth century the movements of the two previous centuries, toward freedom of thought and individualism in life, were carried to extremes and a new movement begun, that may be called the movement toward economic freedom. It is *par excellence* the century of down-breaking in all the spheres of life and thought. Voltaire overthrew thrones with a jest, and made belief in revealed authority forever impossible; Rousseau discarded all conventionalities and external repressive institutions, called for a return to nature, and made subjective sentiment the rule of life—individualism with a vengeance! Hume, the friend of Rousseau, supplied a philosophy for all this, by reducing all thought to clusters of impressions and ideas, and defying these to get beyond themselves, either to a world of objects, or to a subject. Kant, accepting this result, showed how the world that we know, subjects and all, can be built up of these clusters, provided we bring out all that is implicit in them. Goethe, with Titanic nature,

showed that man works out his own destiny by casting off his limitations and rising to spiritual freedom, among free men; that, as Tennyson puts it, "man is man and master of his fate." Lastly, Adam Smith, devoting himself to a sphere of human action which thinking men had too long affected to despise, demanded freedom in the economic world, asserted that the shackles should be struck from the hands of labor, and that complete freedom of production and trade should be permitted—*laissez faire, laissez passer*—insisting, with perfect truth, that freedom of subsistence is the condition of all other freedom. Meanwhile, individualism, the demand of the individual for recognition as an absolute end, found public utterance in the two great events of the century, the American and French Revolutions, in which men boldly declared that they were the lords, not the slaves or tools of institutions, and that any institution or law which they could or would acknowledge, on pain of denying their manhood, must be the expression of their own reason, a means toward the attainment of their own ends, as spiritual beings.

When the theory of evolution began to take its place as an important factor in philosophical thought, it furnished the individualists with a new line of argument.⁷⁴ If, they said, the struggle for existence has been the basis of all progress through the resultant survival of the fittest, then any interference with the natural conditions of that struggle means an interference with the beneficent result. If the survival of the fittest has brought us safely from the amoeba to the human being, why not trust it to take us the rest of this journey that we call progress? The shift from the rather vague and mystical "natural order" basis to this apparently scientific standing ground did not, however, serve their purpose well. The natural order was one "endowed with all the grandeur of the geometrical order with its double attributes of universality and immutability. It remained the same for all times and for all men." One could do nothing but seek humbly to understand it and to live according to its laws. Now, an attempt to substitute for this firm foundation the shifting sand of evolution had certain inevitable reactions in thinking minds. They saw that as soon as the idea of immutability of standards gives place to the idea of rela-

⁷⁴ Prepared by Leona M. Powell.

tivity the way has been opened for a vastly greater possibility of change brought about by conscious human effort. The words "survival of the fittest" cease to be the magic formula of a scientific natural order. Fittest to survive means just this and nothing more, that those survive who are able to survive, i.e., able to cope with the environment in which they find themselves. And the environment, at any rate since the human stage has been reached, has never been a "natural" one in the sense of being unaffected by human desire to mold it.

From this point it is not a far cry to the idea that if human effort can change the environment at all, it can change it in such ways as to secure the survival of those who are fit according to ethical rather than biological standards. But here we must take care lest we fall again into the pit of "immutability." With the concept of society as a developing, changing entity comes, as we have already noted, the realization that no one set of institutions and ideals can claim for itself permanent recognition. We learn this lesson slowly and painfully through sheer experience. The regulations on trade that meet the needs of a growing national government are carried into the next stage of that nation's development and bear grievously upon it. The freedom of each manufacturer and trader to do as he sees fit comes to mean competition on the lowest and most harmful plane. Given the attitude of mind that is a result of the evolutionary interpretation of history—willingness to apply the idea of change and development to ideals and standards as well as institutions—and we have a new and keen-edged tool in clearing the way for needed change.

5. CONTROL BY GOVERNMENT IN MODERN TIMES

A. MERCANTILISM⁷⁵

The principles of the mercantile system were not taught by any School; there was no master, there were no disciples. Its principles, so far as they were ever elaborated into a system, seem to be the maxims of practical men of business, who know how trade benefits themselves and have no concern how it benefits the nation at large.

The time of its first appearance and the time of its decline will

⁷⁵ Taken by permission from James Bonar, *Philosophy and Political Economy*, pp. 130-33. (Swan Sonnenschein & Co., 1893.)

help us to understand the matter. It is usually said to have begun with the Reformation and ended with the French Revolution; and this means that it began when foreign commerce was becoming a power in Europe and ended when governments were beginning to be constitutional and popular.

The common notion of Mercantilism represents it as confusing wealth with money, or at least with the precious metals. The charge thus blankly stated is not strictly true; but it is true that views were adopted and made the ground of political action for more than two centuries, which might fairly be represented as logically involving the fallacy in question. The intelligible motive for adopting a policy which promised to multiply the precious metals in a country was clearly the desire of the rulers to have a full treasury for warlike and other purposes. There was also a belief that for general reasons (the reasons of the "merchants and manufacturers") it was good for the country that as much of the precious metals as possible should be attracted into it. The measures adopted to secure this end were the prohibition to export gold and silver "forth of the kingdom," the careful watching of the balance of trade, to see that our exports should in value exceed the imports, in order that there might be a balance in money to come into the country, restraints (by duties or prohibitions) on importation from foreign countries, and encouragement (by bounties and drawbacks) of exportation, special encouragements of home manufacture and of the growth of a home population to labour on it, treaties of commerce to secure privileges for our exporters, and finally the foundation of colonies and the retention there of our monopoly of trading.

It is not till a century after the discovery of America and the fall of feudalism that we find Mercantile views coming forward with authority. All we can safely say seems to be that, when the separate States became more conscious of their own national life than of the ties that bound them to their neighbours, they were easily led to confound commercial dependence with political, and it was not hard for jealousy and suspicion to convince them that their neighbour's gain could not at the same time be their own. We can understand too that in the days when governments did not understand the limits of their omnipotence they would feel bound to regulate the spirit of trading

which seemed to be becoming a passion with their citizens, to the detriment of their patriotism. This would seem to them the more imperative because trade is not the creation of any government, but is one of the *sponte acta* that have a life of their own. There was therefore an interference at every point.

B. THE MERCANTILIST REGULATIONS BECOME ONEROUS⁷⁶

In every quarter, and at every moment, the hand of government was felt. Duties on importation, and duties on exportation; bounties to raise up a losing trade, and taxes to pull down a remunerative one; this branch of industry forbidden, and that branch of industry encouraged; one article of commerce must not be grown because it was grown in the colonies, another article might be grown and bought but not sold again, while a third article might be bought and sold but not leave the country. Then, too, we find laws to regulate wages; laws to regulate prices; laws to regulate profits; laws to regulate the interest of money; custom-house arrangements of the most vexatious kind, aided by a complicated scheme, which was well called the sliding scale—a scheme of such perverse ingenuity that the duties constantly varied on the same article, and no man could calculate beforehand what he would have to pay. To this uncertainty, itself the bane of all commerce, there was added a severity of exaction, felt by every class of consumers and producers. The tolls were so onerous as to double and often quadruple the cost of production. A system was organized, and strictly enforced, of interference with markets, interference with manufactories, interference with machinery, interference even with shops. The towns were guarded by excisemen, and the ports swarmed with tide-waiters, whose sole business was to inspect nearly every process of domestic industry, peer into every package, and tax every article; while that absurdity might be carried to its extreme height, a large part of all this was by way of protection: that is to say, the money was avowedly raised, and the inconvenience suffered, not for the use of the government, but for the benefit of the people; in other words, the industrious classes were robbed in order that industry might thrive.

⁷⁶ Taken by permission from H. T. Buckle, *History of Civilization in England*, I, 201-3. (D. Appleton & Co., 1906.)

But worse still remains behind. For the economical evils, great as they were, have been far surpassed by the moral evils which this system produced. The first inevitable consequence was that in every part of Europe there arose numerous and powerful gangs of armed smugglers, who lived by disobeying the laws which their ignorant rulers had imposed. These men, desperate from the fear of punishment, and accustomed to the commission of every crime, contaminated the surrounding population; introduced into peaceful villages vices formerly unknown; caused the ruin of entire families; spread, wherever they came, drunkenness, theft, and dissoluteness; and familiarized their associates with those coarse and swinish debaucheries which were the natural habits of so vagrant and lawless a life. The innumerable crimes arising from this are directly chargeable upon the European governments by whom they were provoked.

C. THE TRANSITION TO LAISSEZ FAIRE⁷⁷

Both in England and in America we have passed through a cycle of politico-legal thought. In England, formerly, practically all combinations and almost all of the modern forms of commercial organization were unlawful. The business of the middle man was unlawful; the business of the modern wholesale grocer was unlawful. It was a criminal offense to buy food or victuals which were on their way to the market for the purpose of reselling them, or to buy, for purpose of resale, large quantities of food at any time. This, however, was before the days of the rise of capitalism. It was at a time when the laws of England were in the hands of the gentry, the land-holding, or military classes. It was for the interest of these to oppose combination in every form. They were jealous of the growing power of the business man. It was for their interest to make, as they did make, both the trade combination and the labor combination, or union, criminal conspiracies.

But at the beginning of the last century a change came. The war with France had been fought and won; the fleets of both the French and the Dutch had been practically swept from the seas; the foreign markets which once belonged to the French and the Dutch, now be-

⁷⁷ Taken by permission from A. A. Bruce, "Laissez-faire and the Supreme Court of the United States," *Greenbag*, XX (1908), 553-54.

longed to England; the cotton gin had been invented; steam had been utilized; the mines had been uncovered; all that was necessary for England was to manufacture, and the markets of the world were open to her. At the same time the suffrage had been largely extended and the business man had come into political power, and, above all, capital had become diffused through the establishment of banks, and the accumulated resources of the country made capable of utilization.

There was immediately a clamor on all sides for the overthrow of the restrictions of the past. In order to compete in the markets of the world and to take advantage of the opportunities for wealth which the foreign trade afforded, ships had to be built and chartered, trading posts established, and factories built, and combinations of capital were found absolutely necessary. It was no longer for the interests of the employer that the rates of wages should be regulated by law, nor that the laborer should be tied to the land. The manufacturer wanted the opportunity to offer extra wages, because at times he wished to work his factories night and day, so that he might get his goods rapidly upon the market. He did not want any restrictions on the hours of labor. In the past law and custom had so operated that no one could become a master mechanic or manufacturer who did not belong to one of the powerful trade guilds and who had not served an apprenticeship. In this new age of capitalism and of democracy—for it was both a capitalistic and a democratic uprising—men wished to become employers, business men, and manufacturers, on the strength of their brains and their capital alone. The consequence was that the restrictive laws of the past were repealed. The old hide-bound judicial decisions were reversed. The labor union and, to a large extent, the combination of capital were legitimatized. “The lid was taken off.” It was lawful to pursue to almost any length the war of competition.

It was at this time that the industries in America began to really take their form; that our great commercial development began. For years, both in England and in America, we have gone on in this same unchecked way; we have preached everywhere the doctrine of *laissez faire, laissez passer*. For years the man who would have advocated any checking, any governmental interference, would have been and was branded as a dangerous character.

In America the *laissez faire* idea has been much more deeply root-

ed than in England, and it is natural that it should have been. The large amount of public land gave an opportunity to the wage earner, which was not to be found in England or in France, and the era of the factory and of the large manufacturing centers was further in the distance. The agricultural population was much greater and, until recently, almost anyone could be a landed proprietor. There was to be found, especially among the puritans of New England, a militant individualism, for it is to be noted that the teachings of Calvin were almost as much social and political as they were religious and in them the right of self government, and the freedom of the church and of the locality from governmental interference, was everywhere emphasized. The birth throes of the new country were a protest against navigation acts, searches and seizures and governmental restraints of all kinds. So, too, class lines have never been so closely drawn here as in Europe, and the business classes have been constantly recruited from the laboring and the agricultural. Added to this was the individualism of the frontier, which everywhere chafes at control and at the restraints which collectivism thrusts upon it.

But chief of all the causes of American individualism has been the fact that for so many years opportunities for growth and advancement have everywhere been so plentiful that it has been hard for any of those who have themselves prospered to believe that governmental interference is necessary to protect anyone, or that there is not in all matters a perfect equality of opportunity and of contractual ability.

D. THE NATURAL RIGHTS PHILOSOPHY WHICH LIES BEHIND LAISSEZ FAIRE⁷⁸

Arguments on behalf of the natural rights theory fall naturally into two great divisions according to the line of attack adopted.

It is maintained, on the one hand, that there are certain spheres marked off by nature or justice into which government has absolutely no right to intrude. Such interference is objected to on the ground that it would violate certain abstract principles or natural rights which are so sacred and absolute that no State has a justifiable warrant to infringe them.

⁷⁸ Taken by permission from W. S. McKechnie, *The State and the Individual*, pp. 221-38. (James MacLehose & Sons, 1896.)

On the other hand, it is urged alternatively that, whether or not the government can justify such powers on a speculative basis, it is always *inexpedient* for it to employ them. It always does harm where it seeks to do good, by extending its functions beyond their normal limits. The problem, then, is to define the proper sphere of activity beyond which it is inexpedient and wrong for government to step.

The essence of the argument from natural rights lies in the supposed existence of some abstract principle of justice, of some abstract rights, which are outside of and greater than the State. Certain hard-and-fast barriers are constructed in imagination, and it is said that the State cannot, without doing violence to itself and to its duties, climb over these. It is not merely that it is inexpedient for the State to allow its officials to interfere in this or that direction. Something more than mere good policy is at stake. Eternal principles, absolute and fundamental rights, are assailed if the government dare to go beyond its appointed sphere.

Are there any absolute principles or rights which the government, acting under the proper authority from the State, cannot invade? *Are* there any rights inherent in any persons or groups of persons within the State which may be called absolute? Is there any limit at all to the right of the State to do anything whatsoever, if that course is advisable for the welfare of itself as an organic unity comprising all of its members as component parts? The answer here given is equally simple. There is no such absolute, indefeasible, inviolable right which can justly defy the State acting for the common good.

No theory, however, is harder to kill outright. The doctrine of natural rights tends to reappear in a new phase, immediately it has been rebutted in its old one. A few of its best-known forms must be briefly enumerated. Absolute claims to exemption from the control of government have been set up on behalf of (1) rights of individual liberty; (2) rights of conscience; (3) contractual and proprietary rights; (4) rights of the church, the family, and the voluntary association; (5) rights of subject nationalities; and (6) "the rights of man," considered generally.

What is this theory of the Rights of Man which has played so distinguished a rôle in English, French, and American national progress? It naturally assumed various forms, according to the times and places



of its appearance; but its essential feature is everywhere the same. Man as man has certain rights which no State or government dare attack. Every man, because of his own separate individuality, had these rights.

Catalogues of these naturally vary, but they usually include freedom of thought, speech, and action; rights of public meeting, of combination, and of freedom of the press, and so on. All of them are excellent things in their proper places. Nor is there the least objection to calling them "natural rights" if any good purpose is thereby served, though it is incumbent on those using the term to explain exactly what they mean. Danger arises only when they are spoken of as "absolute" rights.

6. THE CHANGING IMPORTANCE OF THE FORMS OF CONTROL⁷⁹

Changes in knowledge, in degree of civilization, and in the character of social requirements cause a method of control to wax or wane from age to age. We might compare the social order to a viaduct across some wooded ravine, which rests part of its weight on timbers that decay with the lapse of time, and partly on living tree trunks which constantly gain in strength. Or, we might liken it to a bridge resting on piers, built some of stone which crumbles in time, and some of stone which hardens with long exposure to the air.

No doubt etiquette and ceremony have done their best work. The seer of visions and dreamer of dreams has had his day. The hero will never again be the pivot of order. The reign of custom with its vague terrors is about over. The assizes of Osiris, Rhadamanthus, God, or Allah, with their books of record, inquisitions, and judgments, will hardly dominate the imagination in the days to come. The reputed dispensations of Providence will less and less affect conduct. A fictive blood kinship cannot bind men into the national groups of to-day. So public action in the form of mob, ban, or boycott is justly regarded as a relic of barbarism.

On the other hand, instruction as to the consequences of actions, with a view to enlisting an enlightened self-interest in support of all the conduct it is competent to sanction, will meet with universal ap-

⁷⁹ Adapted by permission from E. A. Ross, "Social Control," *American Journal of Sociology*, III (1897-98), 811-12.

proval in an age of public education; and the passiveness of the average mind will make it safe to work into such moral instruction certain convenient illusions and fallacies, which it is nobody's interest to denounce. Suggestion, that little understood instrument, will, no doubt, be found increasingly helpful in establishing moral imperatives in the young. But it will render its greatest service in shaping in youth those feelings of admiration or loathing that determine the ruling ideals of character, and in influencing those imputations of worth which enable society to impose upon the individual its own valuations of life's activities and experiences. And society will further the work by cutting with cameo-like clearness the types of character it chooses to commend, and by settling ever more firmly in tradition and convention the values it seeks to impose. But from social art, however, we have the most to look for. I would place it next to religion in power to transform the brute into the angel. Art is one of the few moral instruments which, instead of being blunted by the vast changes in opinion, have gained edge and sweep by these very changes. So far as eye can pierce the future, there is nothing to limit or discredit it. The sympathies it fosters do not, it is true, establish norms and duties; but they lift that plane of general sentiment out of which imperatives and obligations arise. If there is anyone in this age who does the work of the Amoses and Isaiahs of old, it is an Ibsen, a Tolstoi, a Victor Hugo, or a Thomas Hardy.

See also:

- Part II, chapter iii, section F on "Social Control," and especially "Conscious and Unconscious Social Control."
- "Informal Social Control."
- "The Legal Framework of Industry."
- "Functions of Government as Seen by the Classical School."
- "Modern Statements of the Functions of Government."

CHAPTER III

RATES OF CHANGE IN THE DEVELOPING ECONOMIC ORDER

Purposes of this chapter:

1. To reflect upon the processes through which social change takes place—this as a background for the understanding of economic change.
2. To see that the economic order has changed at varying rates of speed in different periods.
3. To realize that quite recent changes have been so great that we have not had time to adjust our thinking to the new situation.
4. To increase our understanding of the fact that a study of economic organization is but taking a point of view with respect to social organization.

While there may be argument as to whether true *progress* has occurred in social organization and, if so, in what particulars, there can be no question that *change* has occurred. The fact of change is, indeed, one of the relatively few things concerning which we can be absolutely certain when we study the social order. Both for the purpose of becoming clearer with respect to how the present economic order has emerged and for the purpose of planning future changes, it would be helpful if we could understand the processes of social change. However, we are not very clear with respect to the processes by which social change takes place. It seems reasonable to suppose that there are two main processes: (*a*) invention and (*b*) the diffusion of culture from one area or group to others. It is not difficult to visualize ways by which culture may be diffused; but it is uncertain just what invention is; and how inventions come into being is uncertain.

Although rates of change are baffling things to compare, it seems clear that if we fasten our attention upon some single factor—and an important one for our purposes is the physical manifestation of man's increasing control of nature—we can see that change has taken place

at varying rates in different periods or stages of man's culture. For long periods of time he would make very slow progress. Then something would happen or something would be discovered that would let him progress at a rapid rate for some time. This would be followed by another period of slow progress, and so on. In the periods of slow progress man was merely *adding* to his powers, whereas in the times of rapid progress his powers were being *multiplied*.

For example, for many thousands of years man's powers or abilities as a food-getter were weak, and they developed quite slowly. In the main he appropriated what nature, of her own accord, gave him. When he learned to till the soil and to raise food stuffs, it meant a great increase in his power to live well. It *multiplied* his ability to get food. But after he had once learned to raise a few plants, additions to his list of plants were mere additions to his powers rather than multipliers of them. So also when man learned to domesticate animals, it greatly increased his power to live well. These domesticated animals gave him a regular food supply, and many of them were important to him as burden carriers. But once man had learned the trick of domesticating animals, any new animals added to his list were mere additions. The multipliers of man's powers are the crucial factors of his progress.

Little can ever be known in any positive way concerning the rate of man's development in his "struggle with nature" prior to late Paleolithic times. It is clear that, measured by present-day standards, primitive man's rate of progress in controlling nature was slow and uncertain, but this is about the extent of our knowledge. We do know that Paleolithic man had developed such "multipliers of his powers" as fire and the simpler hand tools, and that through communication a modest body of rules-of-thumb had been built up. This stage was reached, however, only after five hundred thousand years—and it may have been more than one million years—of development.

And then, in perhaps one-tenth or one-twentieth of such a period of time, man surged forward, and by Neolithic times the main avenues of his development as a harnesser of nature had been blocked out. He could make and not merely keep fire; he had domesticated animals, had mastered the growing of crops, had gained command of

the weaving and the plastic arts, had begun the harnessing of powers outside those of his own body, and his tool chest contained the basic forms of nearly all of our modern tools.

If we omit from consideration the great advances of Egypt, Greece, and Rome on the ground that much of their culture was temporarily lost during the Dark Ages, we find that down to medieval times civilization had not advanced greatly beyond Neolithic culture at its best. Then came a few centuries of quiet preparation in which the most significant single event was the rise of modern science. The culmination of this period of preparation was the Industrial Revolution, but this revolution had to run its course for about one hundred years before the really rapid modifications in economic life began to take place. It is only in the last two generations that we "are living in a new world."

There seems to be good reason to think that change takes place at varying rates in different aspects of our culture. It seems to be true that the physical aspects of our culture are changing more rapidly than the non-physical aspects. Competent observers see in this fact a potent cause of internal strain in our civilization.

The selections in this chapter will have more meaning if read with the following issues¹ in mind:

1. How does diffusion of culture take place? Under what circumstances does diffusion occur readily?
2. What is invention? Under what circumstances may we expect much inventing to take place?
3. What is meant by the accumulation of culture? Do all the elements of culture accumulate with equal rapidity?
4. What is meant by the "cultural lag"? What is its significance from the point of view of having an "effective" economic organization?
5. Wherein is man today "different" from primitive man? What significance has the answer to this question from the point of view of man's increasing understanding and control of the economic order?

¹ A more detailed statement of issues may be found in *Outlines of the Economic Order*, pp. 40-43. (The University of Chicago Press.)

1. THE NEWNESS OF PRESENT-DAY LIVING

In the writings of our times many devices have been used to emphasize the essential newness of our living together. Perhaps the device that has been used most frequently is to assume that the entire life of the human race could be compressed into twelve hours and then observe the brevity of the modern span. If we assume that the human race began to occupy the earth twelve hours ago, at least eleven of these twelve hours dragged by shrouded in silence and mystery. We have no exact knowledge of what happened in that vast stretch of time. The reasonable inference is that man consumed these slow ages in rising to a stage of development below that of the lowest living savage. Something like an hour ago, measured on the scale that we have assumed, man had become able to leave here and there for our later discovery exceedingly crude hand-tools of stone, and he left in his caves the cold embers of his fires. He had become a fire-user. It was not until twenty minutes ago (remember that eleven hours and forty minutes have gone by) that a few groups scattered here and there over the surface of the earth had become able to domesticate animals, crudely cultivate the soil, weave rough cloth, make unglazed pottery, and shape tools of polished stone or bone. A matter of fifteen minutes ago man learned to use the metals. Then he could greatly improve the meager implements with which he wrestled with nature or warred with other groups. Ten minutes ago he wrote. He wrote crudely and insufficiently, but he was at least able to transmit messages more accurately than memory could serve and thus to begin to heap the exact knowledge that could in time become scientific knowledge. Three minutes ago Greek philosophy, art, and science were given to the world. Less than three minutes ago Roman engineers and administrators ruled the known world, and the founder of the Christian religion was born. Only one minute ago began those great changes in medieval life and culture from which we date the beginnings of modern life. Forty seconds ago, Gutenberg invented movable type and the printing press. Nine seconds ago man, with much fear and trepidation, risked his neck traveling upon the first crude steam railway at a rate of fifteen miles per hour. Five seconds ago the first telephone stuttered. As for the aeroplane and the wireless we have had them

but for two ticks of a grandfather's clock. What a strange record it is! Twenty minutes ago man was a Neolithic savage. Less than twenty seconds ago he began to get his present marvelous command of nature's powers.

Such a method of stating the essential newness of modern living is startling but it is not sufficiently startling. It does not sufficiently reveal how amazingly different our life is from the life of a century ago. It does not sufficiently show that we have in a generation's time been hurled into a new physical world—a new world in which democracy must grapple with tremendously difficult problems, while we continue to use a mental equipment which is largely that of medieval man and not greatly better than that of the neolithic savage. This is the outstanding social problem of our time.

Does it seem incredible that we are really in a new world? Let us examine the facts. The charts aid in giving a sense of proportion. The first chart shows that man spent five thousand centuries or seventeen thousand generations climbing to the stage of Neanderthal culture

5000 CENTURIES FOR THE EMERGENCE OF NEANDERTHAL CULTURE

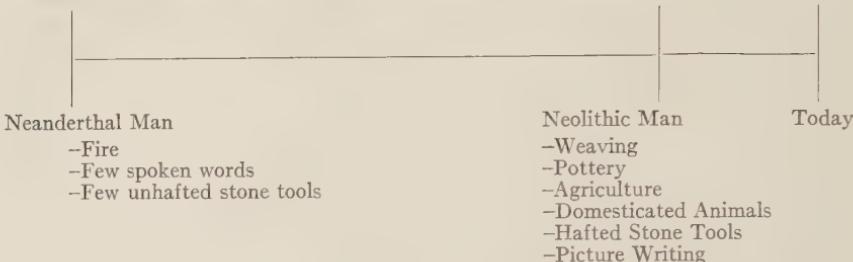


He could keep, and perchance make, fire, in his cave; speak a few dozen words; and use, probably without the ability to attach shafts or handles, rough stone hammers and gouges. His mastery of nature was so meager that we call him a mere collector or appropriator of nature's yield. And yet what a short time, measured against man's total stay, has his mind been accustomed even to that tenuous command of nature!

By putting the right-hand end of the first chart under the magnifying glass we enlarge the scale and get the second chart. This second chart indicates that through four hundred bitter centuries man rose

to the Neolithic stage of culture. Then he could do hand spinning and hand-loom weaving; he could make baskets and pottery; he could scratch the soil and reap his simple crops with crude tools of bone and stone; he could command a supply of meat and physical power be-

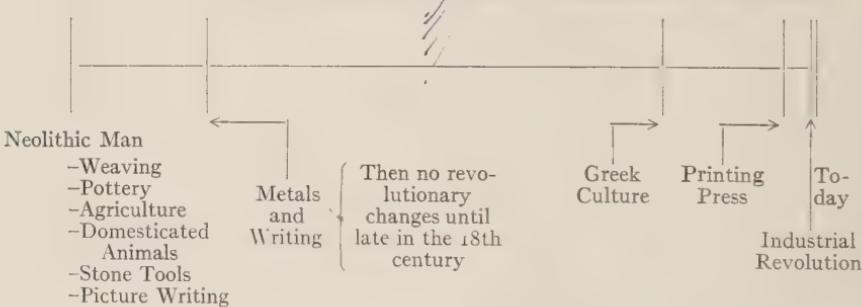
400 CENTURIES FOR THE EMERGENCE OF NEOLITHIC CULTURE



cause he had domesticated animals; he had taken the first step of the journey that was ultimately to lead to writing and printing. Clearly, in those long four hundred centuries man greatly increased his mastery of nature. No longer a mere appropriator, he was now able to adapt nature to his needs.

And then the third chart shows that once man had achieved this Neolithic culture, one hundred centuries drag by with but minor improvements in his ability to harness nature. As for domesticated

100 CENTURIES WITH SLOW ADDITIONS TO NEOLITHIC CULTURE



animals there have been almost no additions to the list since Neolithic days and significant improvements in quality have been made only in quite recent modern times. As for power devices, slaves, animals, the winds, and running water had to serve until the development of the

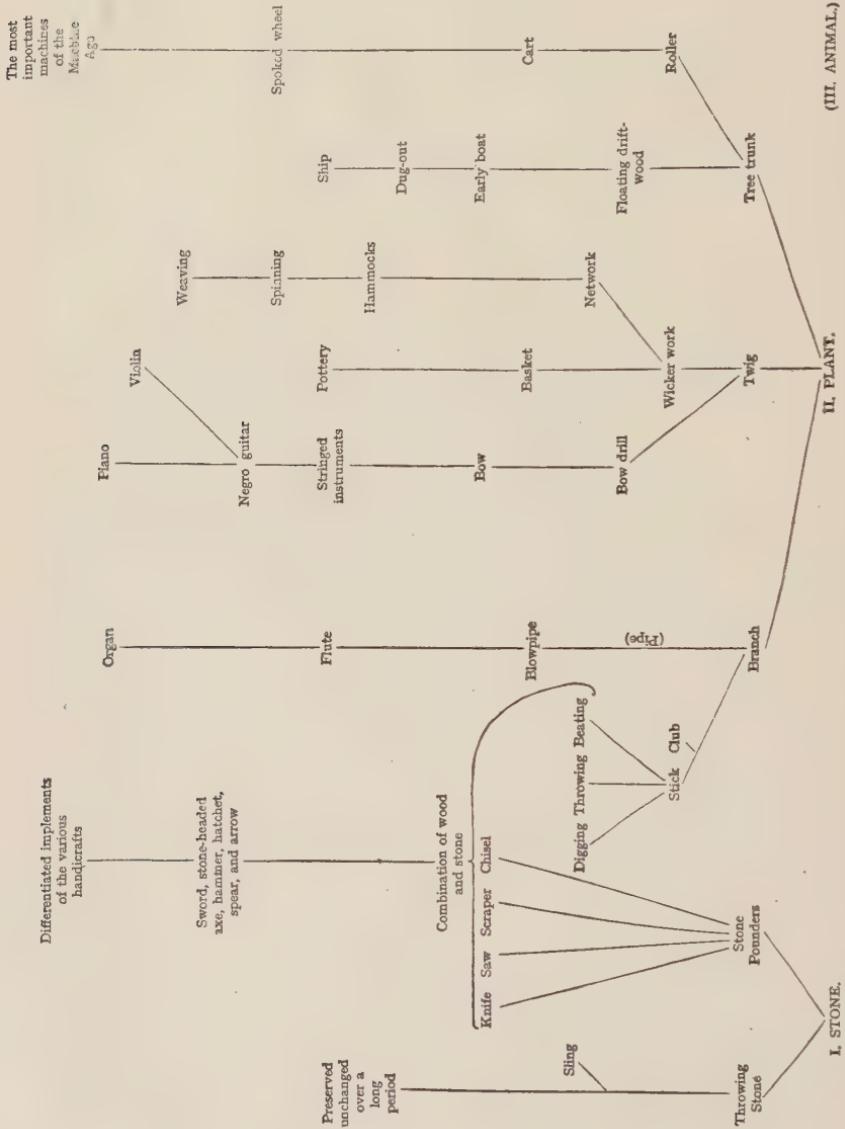
effective steam engine, little more than a century and a generation ago. As for tools, there have been substantially no additions to the tool chest of Neolithic man—the command of metals serving mainly to improve their shape and quality. The setting of hundreds of tools in an iron mechanism which is run by mechanical power is but little over a century old and its effective utilization is but a generation old. As for spinning, weaving, and pottery, the methods and even the very tools of Neolithic man persisted until practically the beginning of the nineteenth century, when modern machine production began. In the realm of agriculture, Neolithic methods held sway until the rise of scientific knowledge in the late modern era and until the development of mechanical powers. (In our own country it was not until the acts of 1862 and 1881 that the federal government provided for agricultural colleges and agricultural research.) It is of course true that in a few tiny civilizations such as those of the Nile and Greece there were striking developments in art, social organization, and even in the beginnings of scientific knowledge. But when we think of the great masses of the world's peoples and when we direct our attention particularly to man's mastery of the physical world, we see that in all its essential features the civilization of one hundred and fifty years ago had not been reared much above the Neolithic foundation. We see that we have been thrown into a new physical world so suddenly that the lagging mentality of the mass of us has not had time to become adjusted to the new conditions.

The newness of man's mastery of nature does not fully dawn upon us until we examine what has happened to the homely commonplaces of life, such as our use of fire, light, metals, power, machines, or food. Then we realize that although we are greatly indebted to the far-distant past, our own generation is the first that has lived an abundant life.

In that dim past when man did not know how to kindle or make fire, he used fires that nature kindled by the overflowing lava of volcanoes, or by lightning or by spontaneous combustion. Gradually, through thousands and thousands of years he learned to carry this natural fire to his cave and there to feed or keep it—a matter so vital to living that fire-keeping was an essential feature of many primitive

INDUSTRIAL SOCIETY

religions. In time man learned to make fire by striking iron pyrites together and letting the resulting sparks fall on dry tinder, or by rubbing one dry stick upon another. The pump drill for kindling fire by the friction of a revolving stick was a device of Neolithic times.



SYNOPSIS OF THE PRIMITIVE FORMS AND GENEALOGICAL TREE OF THE IMPLEMENT

(Taken by permission from Dr. F. Müller-Lyer, *The History of Social Development*, pp. 130-31. London: George Allen & Unwin.)

Once man had learned to *make* fire, thousands and thousands of years went by with almost no change except for slow improvements of his fire-making tools. For example, he learned to use the flint and steel instead of pyrites. But there was no multiplication of his fire-making ability until the match was invented and it was not until 1827 that an English druggist tipped a splint with chemicals that would burst into flame when rubbed on sandpaper, and thus made the first friction match. It was not until 1833 that a match was invented which could be lighted without the need of carrying sandpaper around. In other words, man's ability to command fire at almost any time or place is less than one hundred years old. Persons still living remember when the flint and steel and tinder box were used in almost every household. The heating of houses by radiators is but a century old. Heating by electricity is but a generation old.

The fire of primitive man was, of course, also his light. Until he had fire he had no artificial light. Perhaps our modern horror of darkness has been transmitted to us from that terrible age when half of man's life was spent in a darkness filled with crashing unseen dangers. As time went on man learned that certain kinds of wood burned more brightly than others and from these he made rude torches. Then, too, fats when thrown on the fire must very early have given him a hint that they could be used for light. He gradually learned to use a hollowed-out piece of soapstone, or a clay vessel, to hold the oil or fat and a sort of rude wick. This was the first lamp.

Once the lamp had been achieved, for thousands and thousands of years man's progress in light-making was merely a story of slow additions. This primitive lamp gradually assumed more pleasing shapes; it became a closed vessel with the wick sticking out; it came to be shaped so that it had several wicks; candles were made; lamps were later incased in glass or metal to protect them from the wind. But after all has been said, it was not until about 1800 that man got a better light than the flickering, smoking, foul-smelling light of torches, grease lamps, and candles.

About 1800 a Swiss chemist, Argand (notice the scientist at work!), discovered that a circular wick with a draft of air alongside the flame would give a brighter flame with much less smoke. Quite by

INDUSTRIAL SOCIETY

A SYNOPSIS OF ECONOMIC DEVELOPMENT*

	CULTURE STAGES	SUB-STAGES	REPRESENTATIVES	FOOD PRODUCTION
A. NATURE FOLK	I. SAVAGERY	(a) Lower Stage Primeval Times	Extinct and yet unknown	Natural sources of food, the collection of wild plants, hunting and fishing
		(b) Mid Stage Lower Hunters	Australians, Bushmen, Fuegians, Eskimos, etc. Men of Diluvial period	Natural sources of food, the collection of wild plants, hunting and fishing
		(c) Upper Stage Higher Hunters	North American Hunting Tribes	Natural sources of food, the collection of wild plants, hunting and fishing
	II. BARBARISM	(a) Lower Stage Pastoral and Lower Agriculturists	Pastoral nomads of Asia and Africa. Red Indian, Agriculturists, Papuans, Malays, etc.	Artificial food sources through agriculture and cattle rearing (hoe culture)
		(b) Upper Stage Higher Agriculturists (transition to Civilization. Semi-civilized Nations)	Oceanian and African Agriculturists. Homeric Greeks. Romans under the kings. Germans up to the early Middle Ages	Artificial food sources through agriculture and cattle rearing (hoe culture)
	III. CIVILIZATION	(a) Lower Stage Low Civilization	Ancient American Cultures. Assyro-Babylonian, Egyptian, Chinese. Greeks up to Solon. Romans until Punic Wars. Roman-Germanic nations in the Middle Ages	Horticulture Plough Culture
		(b) Middle Stage Mid Civilization	Greeks since Solon. Romans after Punic Wars. Roman-Germanic nations up to eighteenth century	Horticulture Plough culture
		(c) Upper Stage Higher Civilization	Roman-Germanic people during the eighteenth and nineteenth centuries	Commerce Culture
B. CULTURE FOLK	IV. DAWNING EPOCH (SOCIALIZATION?)	(a) Lower Stage Low Socialization	The people of this century	.....
		(b) Middle Stage	.....	.....
		(c) Upper Stage	.....	.....

* Taken by permission from Dr. F. Müller-Lyer, *The History of Social Development*, pp. 324-25. (London: George Allen & Unwin Ltd., 1920.)

accident Argand's younger brother broke a bottle over one of these flames in such a way that it acted as a chimney, and the flame was much better. This was the first glass chimney, a century and a generation old—and the first case of a steady, clear light.

As for lighting fuels, animal fats and whale oil were the usual fuel until within the last one hundred years. It was not until 1792 that a house was lighted by gas. Kerosene did not become available until

A SYNOPSIS OF ECONOMIC DEVELOPMENT*—Continued

CULTURE STAGES	TECHNIQUE	ORGANIZATION OF LABOUR		
		Form and Size of Labour Organization	Differentiation	Integration
A. NATURE FOLK	I. SAVAGERY	Primitive wood and stone implements until the discovery of fire	1. Early Clan Phase Self-sufficing	Lacking
		Palæolithic Older Stone Age	2. Later Clan Phase Extended Clan Economy	Differentiation between the sexes
		Palæolithic Older Stone Age	2. Later Clan Phase Extended Clan Economy	Differentiation between the sexes
B. CULTURE FOLK	II. BARBARISM	Neolithic or more recent Stone (Pottery, Weaving)	2. Later Clan Phase Extended Clan Economy	Differentiation between the sexes
		..... Transition to	3. Early Industrial Phase Manorial and Village Economy	Beginning of the Differentiation of men
		Metal Age (Copper, Bronze, Iron)	4. High Industrial Phase Town Economy	Differentiation of men
III. CIVILIZATION	.....	Metal Age (Copper, Bronze, Iron)	5. Early Capitalistic Phase Beginning of National Economy	Differentiation of men
		Beginning of Machine Age	6. Mid Capitalistic Phase National Economy	Beginning of Differentiation of women
		.....	7. Late Capitalistic Phase Beginnings of International Economy	Credit Economy
IV. DAWNING EPOCH (SOCIALIZATION?)	.....	.....	.....	.....
	

* Taken by permission from Dr. F. Müller-Lyer. *The History of Social Development*, pp. 324–25.
(London: George Allen & Unwin Ltd., 1920.)

about 1850. Edison first exhibited the incandescent lamp at his laboratory in Menlo Park, New Jersey, in 1879. It was not until 1882 that the first central power station for making electricity was constructed. Man has had five thousand centuries of no light, wretched light, and poor light. He has had one century of fair light. He has had but one generation of really good light.

And so evidence might be heaped upon evidence. As regards

methods of storing and preserving foods, the methods used by Neolithic man were used by the housewife in 1800, and it was not until after the discoveries of Pasteur in the 1880's that modern canning, refrigeration, and dehydration became possible. As regards message sending, the significant development of the postal service is a matter of the last fifty years. The telephone dates from 1876 and the wireless from the 1890's. As regards the handling of disease, Pasteur's work in the 1880's revolutionized modern medicine and surgery and made possible such achievements as the conquest of typhoid, yellow fever, and diphtheria. In heating, in lighting, in commerce, in transportation, in food supply, in message sending, in printing, in control of diseases, in every type of activity having to do with the mastery of nature, the methods of Neolithic man, with but slight improvements, persisted down to within a century and a generation ago and the full development of man's new powers are within the memory of persons still living.

[Chapter iv of Part II, dealing with modern capital goods as exemplified by power and the machine, gives further illustrations of the newness of our conquest of nature. See especially "The Effects of Machinery upon Rural Life" and "The Book, a Type of Communicating Capital Goods."]

2. THE PROCESSES OF SOCIAL CHANGE

It is common knowledge that the conditions of life change rapidly in modern times. This is most obvious in the case of industrial techniques, but the least investigation will show that attitudes, religious beliefs, morals, artistic activities, and in fact the whole network of traits that make up human culture are being constantly transformed. Taking culture to mean the complex of traits which one generation learns from another, we must admit that cultural change is not peculiar to our time, for no age has preserved its culture just as it was, but it is only recently that conditions have changed men rapidly enough to force them to a conception of life as continuous change and to systematic inquiry into the matter.

Cultural change takes place mainly in two ways: by invention and by borrowing. In a particular group it is likely that the majority of changes will come about through borrowing, or diffusion, as it is

called, for it is much easier to borrow than to invent. Just why people borrow what they do and when they do are difficult problems, almost every instance of which requires separate study. But a few things can be said about diffusion in general: It is obviously dependent on some sort of contact between groups with diverse cultures, whether the contact be through trade, warfare, migration, travelers, or any other means. Geographical isolation is thus a great bar to diffusion and explains many of the so-called backward cultures. Again we know that some people accept new things faster than others, and this suggests that the existing culture-base conditions borrowing. For instance, one people's religious beliefs may hinder the adoption of a new trait; another people with a different culture will not be so hindered. A nomadic group borrows pottery-making less easily than an agricultural people for a similar reason. Some traits spread easier than others: tobacco spread very quickly over the world. The reason in such cases is that adoption of these traits does not affect other traits and hence causes little opposition. On the other hand it is particularly difficult to introduce a trait dependent on other traits, which are themselves lacking, even though the trait itself be wanted. Diffusion may be hindered by deficiencies of natural resources or of climate. An economic class may oppose changes in order to protect its property; e.g., in our time certain vested interests may find it advantageous to encourage technological inventions and yet may bar other types of needed social changes.

Implied in these explanations of cultural diffusion are a host of psychological factors: these attitudes and drives are an essential part of the mechanism of cultural development. Consider the way in which respect for traditions and the past has hindered changes, since this attitude has always been joined to a static conception of the past. Thus even in the modern West where inventions are frequent and where knowledge makes experiment more sure, there are many things about which we will not suffer experiment. As part of such attitudes and behavior there are complicated psychological mechanisms—the state of affairs might be roughly explained by pointing to habit, ignorance, and fear as deterrents of change, and curiosity, restlessness, pain and love of adventure as the drives behind it; but the description

is too vague to be of value. Each situation must be analyzed in detail to determine the interplay of factors.

Though diffusion may account for the changes occurring in a particular group, it is obvious that it was necessary to invent or discover every new trait before it could be diffused, and that hence the ultimate explanation of change lies in invention. Invention is the process by which man has achieved what control he has of his environment. Though in one sense it is a process of adjustment, it is nevertheless the only way in which man achieves mastery. Thus broadly conceived the term denotes any *original* change in the culture, but if we examine the process of this change, it appears merely as a set of new relations among old experiences.

With reference to the question as to how inventions come about, if we demand a precise answer it will probably remain unanswered, for no one can tell just how Watt came to invent the steam engine any more than one can say how Dante composed his *Divine Comedy*. Both are private processes, highly mysterious even to the creators. But some things can be said. Invention is, like all thought of men and animals, an interaction of the organism with an external environment, a process of adjustment to it. This process can be split into steps, but it must be remembered that these are only approximately accurate. It would seem that there are three main steps in the inventive process: (1) the formulation of the problem or the felt want; (2) the attempt at solution or satisfaction through a trial and error motor attack, or through the formation of a hypothesis, an idea, etc.; (3) the adoption or rejection of the invention on the basis of tests and use.

From the foregoing it is seen that the inventive process closely resembles general thinking, whether this be the trial and error attempts of a dog to enter a room or the imaginative attempt of a scientist to analyze the atom. In both cases a problem or want is felt. In both cases the various attempted solutions are accepted or rejected on the basis of their results. The dog will abandon the window and try the door, barking or scratching, etc. The scientist similarly will abandon one hypothesis after the other until one is verified, and "explains" the relevant data on the basis of agreed-upon canons. There is also in invention a difference corresponding to that in the thinking of the dog

and scientist. Inventions can be of the trial and error motor type or of the imaginative experimental type. In other words we can blindly try out with our hands or bodies one change after another until one is successful or we can experiment mentally by using conceptual and mathematical reasoning.

Man's early inventions, which succeeded each other very slowly, seem to have been variational and non-purposive. In the case of tools slight changes must often have been made by chance; either the tool-maker had no intention of producing the changes, or at least he did not produce them for the sake of efficiency. The importance of an invention thus obtained may very often not have been realized; but occasionally the increased or decreased efficiency of the tool must have attracted attention to the cause, and thus was discovered a new tool, to be accepted or thrown away on the basis of its results. Because of the accidental nature of this process, the useless changes which are tried, and the slightness of the changes, invention by this method is painfully slow. But even this kind of invention conforms to the inventive process outlined in the foregoing, though the steps are in a different order, thus: (1) appearance of new tool; (2) results noted and problem defined; (3) adoption or rejection on basis of results. The invention appears not as the result of searching and thinking, but instead is the cause of what searching and thinking is done.

This is not to imply that all the early inventions were mere variations, for there are some that differ enough from older devices to be called *mutations*. The fire-drill, the throwing stick, and the bow and arrow come to mind as examples of mutations, but unfortunately not enough of their origin is known to decide the matter. There are two ways in which we may distinguish a mutational from a variation invention: (1) on the basis of its more important effects; (2) on the basis of the break it makes with the past history of the class it belongs to. The mutation involves more of a transfer: for instance, if we define invention as the change in the relations among certain elements, a variation consists of what we regard as a slight rearrangement or elimination or addition; the mutation involves often the transfer of a device from one type of tool to a totally different type, the introduction of a fertilizing idea from without, a *radical* rearrangement. It is unlikely that a sum of variations would produce a mutation. For in-

stance, at one point in the history of the rotary mill, a hole was drilled in the top stone and a peg inserted vertically in the lower to serve with the hole as an axis of rotation. Now it is doubtful whether even a great number of variations could result in this change. But this mutation, which seems to make the history of the grind mill discontinuous, was itself probably the result of a variation in some other tool. Thus the history of technology as a whole is continuous, though that of separate tools may not be.

Variation is a sluggish process with no certain outcome, but because of the limited possibilities of mutation in ancient times, change had to come about largely through variation. Early invention was therefore not only a trial and error process, but it was a process almost undirected by man. He did not know what he was trying to invent; indeed it required a long period before accidental invention taught him to try to invent. In modern times man has tended more to direct his inventions—or perhaps it is better to say that he has *pretended* to direct them, for there is a certain air of inevitability about modern invention. But at any rate he seeks to direct his inventions, and in most cases knows what he wants to invent. Many inventions still occur in a more or less accidental fashion, but certainly some of the blindness has been eliminated from the inventive process.

It cannot be said that modern inventions typically occur as the result of an empirical trial and error method. On the contrary, once the want is felt, the problem realized and defined, the inventor searches systematically the vast resources of modern material culture. The process may, in the realm of technology, consist of selecting known mechanical elements and arranging them in various combinations to achieve the desired results. What was formerly a trial and error problem may be solved conceptually by abstractions, as in the case of mathematical thinking. As a result of this economical and efficient method, mutation has become a commonplace and elements and devices are freely switched from one to the other.

One of the most amazing developments in history is the vast numbers of technological inventions that characterize our era. It does not seem improbable that these are the fundamental explanations of the rapid changes in our civilization. But why do inventions multiply so now, when once they happened so seldom? The subject we have just

been discussing suggests that one of the reasons for the present rate of invention is the improved method now employed. This scientific method—consisting of the formulation and definition of a problem, the use of hypothesis, rigid thinking about effects of each proposed solution, and finally adoption or rejection of these proposed solutions on the basis of their success in practice—is certainly more efficient than the older undirected method. Since it is itself an invention—a method invention—it may be maintained that the present rapid rate of invention had to wait on the invention of a scientific method.

The rate of mechanical invention also depends on the extent of what may be called the technological base. In other words the more there is to invent with, the faster invention can proceed. If material invention is conceived of as a way of adjustment to conditions by finding a new relationship between certain technological elements, it is clear that many new relations—inventions—cannot be expected where the technology is meager. Few mutations are possible until the culture attains good size, and no amount of rigid thinking can therefore bring about an epoch of invention until the cultural base has expanded.

Technological knowledge, fortunately for invention, does tend to accumulate. If a tool has utility, knowledge of its manufacture is remembered and passed from father to son—or perhaps more often, in past times from mother to daughter. This persistence of the old, combined with occasional inventions, gradually enlarge the material culture. Some elements may be lost, a tool may be completely supplanted; the material of which it is made may be exhausted; or migration and different needs may render it useless. But in general use is found for old as well as new.

The close connection between the rate of invention and the technological culture suggests that invention is a more or less inevitable process, and that with a given base, certain inventions are inevitable. Such is said to have been the case with the invention of the calculus in the seventeenth century, now credited to both Newton and Leibniz. If inventions are inevitable, i.e., are bound to be invented by B if not by A, we should expect some of them to be invented by two or more persons. This is exactly what we do find. Several long lists of double inventions have been compiled.

One hesitates to push the argument too far. If the cultural base

makes inventions inevitable, why was a fundamental invention like the wheel invented only once, as seems the case? Of course it is possible that a unique cultural situation made its invention inevitable. But where an invention is inevitable only with an unusual cultural situation, a genius may be necessary to its appearance. The need may be common, but genius may be necessary to catch the suggestion of "wheel" from the existing complex. When a situation recurs, the invention may then be inevitable, even without a genius. But if a genius was needed to invent the wheel, the invention was in one sense accidental, since it depended on the presence of an unusual man for its suggestion. Of course next to nothing is known about the facts in such cases.

Genius is important since it facilitates all inventions, and is perhaps indispensable to some inventions, but *invention* is not dependent on it. On the other hand even a genius is dependent on the existing culture for this base determines what he shall invent. Culture of a certain character may not suppress the genius entirely but it can always determine more or less the kind of thing he shall do. It is easy to understand the vogue for explaining all change by genius. The influences of culture have been obscure and have not attracted attention, whereas it is clear to everyone that all changes do occur through men. Hence the notion that change depends on *particular* men. But the emphasis is not altogether harmful if it leads to recognition of the value of the genius for he hastens not only one invention but perhaps also a whole series of inventions which depend on the first.

Our conclusion is that in the case of small groups with scanty material cultures, particular inventions are accidental rather than inevitable. The meagerness of the cultural elements may make a given invention impossible except through accidental variation or through the conjunction of a unique cultural situation and an unusual intelligence. But certainly this is not generally true today. The wide bounds of the culture results in a general perception of certain problems, and a large number of commonly known elements suggest new relations or solutions.

Most of the inventions are therefore more or less inevitable results of the existing technology.

Since invention depends greatly on the cultural base and since

world-wide technological change depends on invention, it is fairly clear that the modern rapidity of change in the material culture is largely due to the increased technological base. This is a purposely rough statement. It should not be construed to deny the great importance of the scientific method. It does not mean that the rate of invention is unaffected by other factors. Nor does it mean that all increments to the base have equal influences on technological change.

Such things as the attitude of the group toward innovation may affect the rate of invention. But this attitude is itself affected by the rate of invention. Rapid change, for instance, makes it less hostile to innovation. An enlarged population may mean more mental ability applied to invention, but again, the population is itself affected by the rate of invention. Another favoring factor may be increased contacts with other groups. These and other non-material things may affect the rate of invention, but all such factors seem themselves dependent on the material culture base.

It may also be contended that increased change is due to increased mental changes. But since biological mutations are infrequent, since scientists tend to doubt the inheritance of acquired characteristics, and since mutual selection would require long periods to effect changes, it is extremely improbable that men of the last 150 years have been born with greater mental powers than ever before. In fact, there is little evidence of biological evolution in man since as long ago as the ice age. Differing cultures need not be explained on the basis of differing biological or racial characteristics. The American Indians may be called a homogeneous biological type, but their cultures were extremely varied. Our difference from our ancestors is therefore mainly a cultural difference, and the great technological changes made possible by invention are ultimately to be traced to the greater and more complex culture base of today.

It is necessary to examine one further doctrine. The assumption —by no means new—is that changes in the technology result in changes in the other parts of the culture. Since secondary changes are not as fast, there follows maladjustment among the parts of the culture. Ogburn calls this the cultural "lag." See W. F. Ogburn, *Social Change*.

Ogburn takes as example the lags that have occurred in the non-

material culture with respect to the arrival of a machine technology. For instance, it was almost a half-century before the laws governing accidents were changed to meet the new situation. They were suitable for an agricultural community but did not protect the worker from the risks of the newer conditions. Similarly the family life is not as well adjusted to machine industry as it was to agricultural conditions. Examination of trade unions, international relations, representative legislative government, and education reveals the same lag.

The lag is, of course, due to many factors. One is the lack of inventions in certain parts of the non-material culture—in the field of government for instance. Only recently have some sore-needed inventions appeared in the realm of city government. Even where inventions are available, they must contend with habit, love of the past, ignorance, vested interests, etc. Education and propaganda are necessary to acquaint the people with reforms. The heterogeneity of the population is often an obstacle. Many persons, for instance, will not need workmen's compensation acts. If it involves taxation of the rich, this class is likely to oppose it. Certain parts of the culture are less close to the technology than others, and will be slower to change. The form of city government is not as immediately affected as the form of the corporation. One of the great causes for the lag is the affection for customs which have the group approval. This attitude is compounded of many things: habits or conditioned reflex, social pressure, love of the past through forgetting the unpleasant, etc.; doubtless, it was a valuable attitude when changes were slow and few adjustments were needed.

Is there anything in the material culture to make inventions more frequent in it than in other divisions? This frequency was credited mainly to the related causes of the enlarged base and the application of a scientific method. Is the non-material culture similarly accumulative? If it is, its base should grow too. Art, literature, and government seem somewhat accumulative, but religion and family organization seem not so much so. But the non-material culture is too diverse for a general answer. Certainly parts of it are less accumulative than the material culture. The rapidity of change may be due to the greater ease with which material inventions are adopted. They spread easier. The mores seem less concerned with preserving the existing beliefs.

Antiquated tools plainly mean extinction but the dangers of antiquated beliefs are not so perceptible.

See also Part II, Chapter III, and especially
“The Content of Culture.”
“The Shaping of Western Civilization.”
“A Sketch of the Development of Science.”
“Four Stages in the Development of the Use of Knowledge.”

3. SOMBART ON THE CONDITIONS OF INVENTION²

How can we explain the extraordinary number of inventions made in our epoch? Sombart answers, “By observing both the objective and the subjective conditions which have stimulated invention.” I shall save space by listing these conditions in quasi-tabular form.

OBJECTIVE CONDITIONS

1. The scientific basis of modern technique.
 - (a) The objective recording of technical knowledge guarantees its preservation and facilitates its spread.
 - (b) The systematizing of technical knowledge binds one problem to another, so that one invention leads to other inventions.
 - (c) The mathematical form in which technical knowledge is cast tends to produce a quasi-automatic extension of a solution found for one problem to other problems.
2. The favorable reception accorded to inventions.
 - (a) The hostility toward inventors and their works, violent in the Middle Ages, still strong in the early capitalistic era, has turned into a spirit of admiring welcome.
 - (b) The striving after material progress, so characteristic of our time, creates an eager demand for inventions.
 - (c) Capitalism favors inventions for the profits hoped from them.
3. The active stimulation of inventions in three ways.
 - (a) Technical schools with research laboratories.
 - (b) Research bureaus set up by great corporations.
 - (c) The subvention of inventing by paying for patents; granting subsidies; offering prizes.

² Adapted from Wesley C. Mitchell, “Sombart’s Hochkapitalismus,” *Quarterly Journal of Economics*, XLIII, No. 2 (February, 1929), 309–10. (Harvard University Press.)

SUBJECTIVE CONDITIONS

In former times the finer spirits paid scant attention to vulgar matters of technique. As for the hewers of wood and the drawers of water, they did things as they had been taught. Not until the dawn of modern times did an interest in invention appear. At first this interest was irrational, romantic, baroque. Gradually, it grew into the many-sided interest of our time.

In the epoch of high capitalism we have three types of inventors: (a) The genius, like Bessemer or Solvay, who invents new processes despite his lack of technical training. Such cases are exceptional. (b) The lay inventor, who happens upon one, perhaps upon several, ingenious contrivances. But more important, and peculiar to our age, is (c) the professional inventor, who may be a man working on his own account like Edison, but is usually a highly trained employee in some research laboratory.

The motives which stimulate modern invention may be classified as follows:

1. Pleasure in inventing.
2. Interest in the results of an invention arising from philanthropy, enthusiasm for progress, military considerations, ambition, and so on.
3. Desire for gain, which doubtless remains the most powerful incentive.

Finally, we should ask: What inventions are made? The answer is: The business organizer decides whether an invention is "good," that is, profitable. Only those inventions which promise a profit are put to use. Thus invention in the era of high capitalism serves business, and business alone. Other interests of mankind are not cared for, save in so far as service is good business.

4. THE MEANING OF HUMAN EVOLUTION³

There is no doubt that man has existed on the earth for at least 500,000 years. The relics of his body and the results of his handiwork have been found in such number and under such conditions as to indicate his continuous presence on the earth since earliest Pleisto-

³ Adapted with permission from Vernon Kellogg, "Matilda and the Chimpanzee," *New Republic*, XXXII, No. 415 (November 15, 1922), 301-2.

cene time, more likely, indeed, since late or even middle Pliocene time. But also there is no doubt that in these earlier days he was a man of appreciably different structure and behavior from man of today. Especially did he differ from us of today in head characters and, most significantly, in brain size and, evidently, brain character. But through those scores and even hundreds of thousands of years, which we group as his Paleolithic days, man was moving ever, although slowly, very slowly, upward in his evolution—chiefly, probably, owing to the influence of those biologic factors to which we attribute all of the evolution of the lower animals and the plants. It was a slow, painful evolution manifested mostly, and certainly most importantly, by an evolution of brain, an increase in brain size and a development of its associative function.

But by the time he emerged from the Paleolithic age into the brighter light of Neolithic and earliest metal ages, he had reached practically the stage of biological evolution in which we find him to-day. The brain of Cro-Magnon man, who lived in Europe at least 30,000, and perhaps 50,000, years ago, was quite as large as that of man today, and, as far as can be told from the preserved bony brain case, had the same shape and general character as the human brain of today.

A question very often asked of biologists and anthropologists is, Has man increased in physical or mental capacity since the days of the classic Greeks and Romans or even since the days of the early Egyptians and Mesopotamians and Cretans? And the implication of the questioners, and of the reproachful and scoffing attitude of the questioners, is that he has not. The questioners call attention to the artistic and literary achievements, the philosophic systems, the men of great mental capacity as revealed by their accomplishments in war and statecraft, all admittedly characteristic of human life in the earliest historic times, some five or six thousand years ago or longer. They call attention to these facts as proof of the equality of human physical, mental and spiritual capacity in those days with that of today.

These questioners might well go further and ask the biologist and anthropologist if they have any reason to believe that man has shown any obvious biological evolution since those prehistoric days of the

metal ages and Neolithic times, ten, thirty, perhaps fifty thousands years ago. The answer is, I think, No. Then in what is man of today different from man of those days? The answer is, I think, in that part of his development and possessions due to a new and powerful element of progress which entered at some time in late Paleolithic days into human evolution, an element which added itself to slow biological evolution, an element peculiar to human evolution, which we may call social evolution. This kind of evolution could not begin until man, through the development of brain, had attained by biological evolution a capacity to acquire much knowledge, and, by registering it through speech and writing, to pass it on by social inheritance to succeeding generations. This storing up and passing on of knowledge is the basis of social evolution, and social evolution became and is the basis for a rapid progress in human capacity for doing. It is the basis on which has depended man's change from his status in late Paleolithic days to his present status.

Now social evolution can be controlled, and it is in fact so controlled and determined, largely by man himself. His future change or progress is in his own hands.

Materials for the Study of Business

Edited by L. C. MARSHALL

TEXTS AND READINGS

THE PHYSICAL ENVIRONMENT OF BUSINESS

An Introduction to Economic Geography. Vol. I. (Vol. II in Preparation.)
By WELLINGTON D. JONES and DERWENT S. WHITTLESEY. 603 pages, \$5.00.

THE SOCIAL ENVIRONMENT AND SOCIAL CONTROL

Readings in Industrial Society. (Briefer Edition.) By L. C. MARSHALL. 1,082
pages, \$4.50.

Industrial Society. (Revised and Enlarged Edition.) By L. C. MARSHALL. Part I.
The Emergence of the Modern Order. Part II. Production in the Modern
Order. Part III. The Co-ordination of Specialists.

Social Control of Business. By J. MAURICE CLARK. 500 pages, \$4.00.

Law and Business. By WILLIAM H. SPENCER. Vol. I. Introduction. 612 pages.
Vol. II. Law and the Market. Law and Finance. 670 pages. Vol. III. Law
and Labor. Law and Risk-Bearing. Law and the Form of the Business Unit.
654 pages. Each \$4.50.

A Textbook on Law and Business. By WILLIAM H. SPENCER. 1,116 pages, \$6.00.

FINANCIAL ORGANIZATION AND FINANCIAL ADMINISTRATION

The Financial Organization of Society. (Revised Edition.) By H. G. MOULTON.
790 pages, \$4.00.

THE WORKER AND PERSONNEL ADMINISTRATION

The Worker in Modern Economic Society. By PAUL H. DOUGLAS, CURTICE N.
HITCHCOCK, and WILLARD E. ATKINS. 962 pages, \$4.50.

RISK AND RISK-BEARING

Risk and Risk-Bearing. By CHARLES O. HARDY. 400 pages, \$3.50.

Readings in Risk and Risk-Bearing. By CHARLES O. HARDY. 368 pages, \$3.50.

BUSINESS ADMINISTRATION AND CONTROL

Business Administration. By L. C. MARSHALL. 920 pages, \$4.00.

Managerial Accounting. Vol. I. (Vol. II in Preparation.) By J. O. MCKINSEY.
655 pages, \$4.00.

Retail Accounting and Control. By A. C. HODGE. 545 pages, \$4.00.

Accounting Method. By C. RUFUS ROREM. 528 pages, \$4.50.

Teacher's Manual for Accounting Method. By W. J. GRAHAM and C. RUFUS
ROREM. \$3.00.

Business Cases and Problems. Edited by L. C. MARSHALL. 363 pages, \$3.00.

THE BUSINESS CURRICULUM

Education for Business. By LEVERETT S. LYON. 618 pages, \$3.50.

Social Studies in Secondary Schools. By A COMMISSION OF THE ASSOCIATION OF THE COLLEGIATE SCHOOLS OF BUSINESS. 114 pages, \$1.00.

The Collegiate School of Business. By L. C. MARSHALL and others. \$4.00.

SPECIAL STUDIES

The Economics of Overhead Costs. By J. MAURICE CLARK. 502 pages, \$4.00.

Dumping: A Problem in International Trade. By JACOB VINER. 344 pages, \$3.00.

Wages and the Family. (Revised Edition.) By PAUL H. DOUGLAS. 304 pages, \$3.00.

The Packing Industry. By THE INSTITUTE OF AMERICAN MEAT PACKERS. 358 pages, \$3.00.

Psychological Tests in Business. By A. W. KORNHAUSER and F. A. KINGSBURY. 194 pages, \$1.90.

How to Study. By A. W. KORNHAUSER. 43 pages, 25 cents.

Farmers' Mutual Fire Insurance in the United States. By VICTOR N. VALGREN. 200 pages, \$1.90.

The Uses of Bank Funds. By WALDO F. MITCHELL. 181 pages, \$2.00.

The Consumers' Co-operative Movement in Illinois. By C. E. WARNE. 416 pages, \$3.50.

The History of the United Typothetae of America. By LEONA M. POWELL. 219 pages, \$2.00.

The Railroad Labor Board. By H. D. WOLF. 473 pages, \$4.00.

Industrial Relations in the Chicago Building Trades. By R. E. MONTGOMERY. 333 pages, \$3.00.

The Legal Aspects of Zoning. By NEWMAN F. BAKER. 182 pages, \$2.50.

Adam Smith—1776-1926. By JOHN MAURICE CLARK, PAUL H. DOUGLAS, JACOB H. HOLLANDER, GLENN R. MORROW, MELCHIOR PALYI, and JACOB VINER. 248 pages, \$3.00.

Statistical Laws of Demand and Supply. With Special Application to Sugar. By HENRY SCHULTZ. 192 pages, \$3.00.

Trade Union Organization in Canada. By HAROLD A. LOGAN. 412 pages, \$4.00.

Efficiency and Scarcity Profits. By C. J. FOREMAN. \$4.00.

Alfred Weber's Theory of the Location of Industries. Translated and edited by CARL J. FRIEDRICH. \$3.00.

THE UNIVERSITY OF CHICAGO PRESS

~~4-25~~

3481

309

5

W

6

SCHEELE MEMORIAL LIBRARY



3 6655 00031609 1
UDC2021. M2. 1922

HD2321 .M3 1929

Marshall, Leon Carr/Industrial

HD
2321
. M3
1929

Marshall, Leon
Industrial
society

Concordia College Library
Bronxville, NY 10708

